

Edgar Filing: Apollo Global Management LLC - Form 424B3

Apollo Global Management LLC
 Form 424B3
 May 10, 2013
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Filed Pursuant to Rule 424(b)(3)
 Registration No. 333-188415

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Security	Proposed	
			Maximum Aggregate Offering Price	Amount of Registration Fee(2)
Class A shares to be sold by selling shareholders	24,277,963	\$25.00	\$606,949,075	\$82,787.86

- (1) Includes 3,166,690 shares of Class A shares representing Class A limited liability company interests of Apollo Global Management, LLC, that may be purchased by the underwriter upon exercise of the underwriters' option to purchase additional Class A shares.
- (2) The registration fee, calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended, is being transmitted to the SEC on a deferred basis pursuant to Rule 456(b) of the Securities Act of 1933, as amended.

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(To Prospectus dated May 7, 2013)

Apollo Global Management, LLC**21,111,273 Class A Shares****Representing Class A Limited Liability Company Interests**

This is an offering of 21,111,273 Class A shares, representing Class A limited liability company interests of Apollo Global Management, LLC, by the selling shareholders identified in this prospectus supplement. We will not receive any of the proceeds from the sale of the Class A shares by the selling shareholders. We have agreed to pay all expenses relating to registering the Class A shares. The selling shareholders identified in this prospectus supplement will pay underwriting discounts and commissions and/or similar charges incurred for the sale of these Class A shares. Our Class A shares are listed on the New York Stock Exchange, or the NYSE, under the symbol APO. On May 6, 2013, the closing price of the Class A shares on the NYSE was \$26.50 per share.

Investing in our Class A shares involves risks. You should carefully read and consider the risk factors described under Risk Factors beginning on page S-17 of this prospectus supplement, on page 2 of the accompanying prospectus and in the documents incorporated by reference herein and therein before you make an investment in our Class A shares.

Neither the Securities and Exchange Commission (the 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.

	PER SHARE	TOTAL
Public Offering Price	\$ 25.000	\$ 527,781,825.00
Underwriting Discounts and Commissions	0.625	13,194,545.63
Proceeds to Selling Shareholders, before expenses	24.375	514,587,279.37

The underwriters expect to deliver the Class A shares against payment in New York, New York on or about May 15, 2013. The selling shareholders identified in this prospectus supplement have granted the underwriters an option for a period of 30 days to purchase an additional 3,166,690 Class A shares. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by the selling

shareholders identified in this prospectus supplement will be \$15,173,726.88, and the total proceeds to the selling shareholders identified in this prospectus supplement, before expenses, will be \$591,775,348.12.

Joint Book-Running Managers

**J.P. Morgan
Goldman, Sachs & Co.**

Citigroup

**Credit Suisse
Morgan Stanley**

Co-Managers

**BofA Merrill Lynch
UBS Investment Bank**

**Barclays
Wells Fargo Securities**
The date of this prospectus supplement is May 9, 2013.

**Deutsche Bank Securities
Apollo Global Securities**

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of Class A shares and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the prospectus. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement. You should also read the documents referred to under the heading "Where You Can Find More Information" for information on us and the business conducted by us.

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 included in or incorporated by reference in this prospectus supplement relating to our funds, 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. This prospectus supplement relates solely to an offer with respect to Class A shares.

The distribution of this prospectus supplement and the accompanying 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 supplement and the accompanying prospectus come to inform themselves about and to observe any such restrictions. This prospectus supplement and the accompanying prospectus do 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.

VALUATION AND RELATED DATA

This prospectus supplement 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 supplement, you should bear in mind that the historical results of the private equity, credit and real estate 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.

TERMS USED IN THIS PROSPECTUS

When used in this prospectus supplement, 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 credit funds and certain other opportunistic investments 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";

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

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

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

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

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

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

Assets Under Management, or AUM, refers to the investments 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 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 credit funds, other than certain collateralized loan obligations (CLOs), which we measure by using the mark-to-market value of the aggregate principal amount of the underlying CLO and collateralized debt obligation (CDO) credit funds that have a fee generating basis other than mark-to-market assets or liabilities, plus used or available leverage and/or capital commitments;

(iii) the gross asset value or net asset value of our real estate entities and the structured portfolio company 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 portfolio company assets that we manage; and

(v) the fair value of any other investments 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.

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 use internally or believe are used by other investment managers. Given the differences in the investment strategies and structures among other alternative investment managers, our calculation of AUM may differ from the calculations employed by other investment managers and, as a result, this measure may not be directly comparable to similar measures presented by other investment managers.

Fee-generating AUM consists of assets that we manage and on which we earn management fees or monitoring fees pursuant to management agreements on a basis that varies among the Apollo funds.

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Management fees are normally based on net asset value, gross assets, adjusted par asset value, adjusted cost of all unrealized portfolio investments, capital commitments, adjusted assets, stockholders equity, invested capital or capital contributions, each as defined in the applicable management agreement. Monitoring fees, also referred to as advisory fees, generally are based on the total value of certain structured portfolio company investments, which normally includes leverage, less any portion of such total value that is already considered in fee-generating AUM.

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

BRH refers to BRH Holdings GP, Ltd;

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

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

gross IRR of a private equity 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 investments assuming disposition on March 31, 2013 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 contributing partners hold their Apollo Operating Group units;

IRS refers to the Internal Revenue Service;

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

net IRR of a private equity 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). The realized and 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 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 a private equity fund exceeds all requirements detailed within the applicable fund agreement;

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

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permanent capital means capital of publicly traded vehicles 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, such as AP Alternative Assets, L.P., Apollo Investment Corporation, Apollo Commercial Real Estate Finance, Inc., Apollo Residential Mortgage, Inc., Apollo Tactical Income Fund and Apollo Senior Floating Rate Fund Inc.; such publicly traded vehicles may be required, or elect, to return all or a portion of capital gains and investment income;

private equity investments refer 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;

Roll-up Agreements mean the several Roll-up Agreements among Holdings, BRH, Apollo, APO Corp. and APO Asset Co., LLC, on the one hand, and a senior manager of Apollo, on the other hand;

Shareholders Agreement means the Shareholders Agreement, dated as of July 13, 2007, by and among Apollo, Holdings, BRH Holdings, L.P., Black Family Partners, L.P., MJR Foundation LLC and the managing partners; and

Strategic Investors refer to the California Public Employees Retirement System, or CalPERS, and an affiliate of the Abu Dhabi Investment Authority, or ADIA.

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INCORPORATION OF DOCUMENTS BY REFERENCE

The Commission allows us to incorporate by reference the information we file with the Commission, which means that we can disclose important information to you by referring you to those documents. The information we incorporate by reference is an important part of this prospectus supplement and the accompanying prospectus. In all cases, you should rely on the later information over different information included in this prospectus supplement. We incorporate by reference the following documents which have been filed with the Commission:

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, filed with the Commission on March 1, 2013 (the 2012 Annual Report).

Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, filed with the Commission on May 7, 2013 (the First Quarter 10-Q).

Our Current Reports on Form 8-K and 8-K/A, filed with the Commission on June 18, 2012, February 1, 2013, May 7, 2013 and May 7, 2013.

The description of the Class A shares set forth in our registration statement on Form 8-A filed with the Commission on March 21, 2011.

All documents and reports that we file with the Commission (other than any portion of such filings that are furnished under applicable Commission rules rather than filed) pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended (the Exchange Act), after the date of this prospectus supplement and before the later of (1) the completion of the offering of the Class A shares described in this prospectus supplement and (2) the termination of the offering of Class A shares pursuant to this prospectus supplement, shall be incorporated by reference in this prospectus supplement from the date of filing of such documents.

Upon request, we will provide to each person to whom a prospectus supplement is delivered a copy of any or all of the reports or documents that have been incorporated by reference in this prospectus but not delivered with the prospectus supplement. You may request a copy of these filings or a copy of any or all of the documents referred to above which have been incorporated in this prospectus supplement by reference, at no cost, by writing or telephoning us at the following address:

Apollo Global Management, LLC

9 West 57th Street, 43rd Floor

New York, New York 10019

Telephone: (212) 515-3200

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus that we authorize. We have not authorized any person, including any underwriter, salesperson or broker, to provide information other than that provided in this prospectus supplement, the accompanying prospectus or any free writing prospectus that we authorize. We have not authorized anyone to provide you with different information. We do not take responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. We are not making an offer of the securities in any jurisdiction where the offer is not permitted.

You should not assume that the information in this prospectus supplement, the accompanying prospectus, any free writing prospectus that we authorize or any documents incorporated by reference is accurate as of any date other than the date of the applicable document. Any statement contained in a document incorporated or deemed to be incorporated by reference into this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or any other subsequently filed document that is deemed to be incorporated by reference into this prospectus supplement modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this

prospectus supplement.

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Except as described above or elsewhere in this prospectus supplement, no other information is incorporated by reference in this prospectus supplement or the accompanying prospectus (including, without limitation, information on our website).

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Commission a registration statement on Form S-3 under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Class A shares offered in this prospectus supplement. This prospectus supplement and the accompanying prospectus do not contain all of the information set forth in the registration statement on Form S-3 and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the Commission. For further information about us and the Class A shares, we refer you to the registration statement and to its exhibits and schedules. Statements in this prospectus supplement or the accompanying prospectus about the contents of any contract, agreement or other document are not necessarily complete and, in each instance, we refer you to the copy of such contract, agreement or document filed as an exhibit to the registration statement.

Anyone may inspect the registration statement on Form S-3 and its exhibits and schedules without charge at the public reference facilities the Commission maintains at 100 F Street, N.E., Washington, D.C. 20549. You may obtain copies of all or any part of these materials from the Commission upon the payment of certain fees prescribed by the Commission. You may obtain further information about the operation of the Commission's Public Reference Room by calling the Commission at 1-800-SEC-0330. You may also inspect these reports and other information without charge at the website maintained by the Commission. The address of this website is www.sec.gov.

We are subject to the informational requirements of the Exchange Act and are required to file reports and other information with the Commission. You can inspect and copy these reports and other information at the public reference facilities maintained by the Commission at the address noted above. You can also obtain copies of this material from the Public Reference Room as described above, or inspect them without charge at the Commission's website. We furnish our shareholders with annual reports containing consolidated financial statements audited by our independent registered public accounting firm. We maintain a website at www.agm.com. **Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus supplement, the accompanying prospectus or the registration statement of which this prospectus supplement forms a part, and you should not rely on any such information in making your decision whether to purchase our Class A shares.**

No person has been authorized to give any information or to make any representation other than those contained in this prospectus supplement, the accompanying prospectus and any free writing prospectus, and, if given or made, any information or representations must not be relied upon as having been authorized. This prospectus supplement, the accompanying prospectus or any free writing prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy these securities in any circumstances in which this offer or solicitation is unlawful. Neither the delivery of this prospectus supplement nor any sale made under this prospectus supplement shall, under any circumstances, create any implication that there has been no change in the affairs of Apollo Global Management, LLC since the date of this prospectus supplement.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus may contain forward looking statements within the meaning of the federal securities laws. These statements include, but are not limited to, discussions related to Apollo's expectations regarding the performance of its business, its liquidity and capital resources and the other non-historical statements in the discussion and analysis. These forward-looking statements are based on management's beliefs, as well as assumptions made by, and information currently available to, management. When used in this prospectus supplement and the accompanying prospectus, the words believe, anticipate, estimate, expect, intend and similar expressions are intended to identify forward-looking statements. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. These statements are subject to certain risks, uncertainties and assumptions, including risks relating to our dependence on certain key personnel, our ability to raise new private equity, credit or real estate funds, market conditions generally, our ability to manage our growth, fund performance, changes in our regulatory environment and tax status, the variability of our revenues, net income and cash flow, our use of leverage to finance our businesses and investments by our funds and litigation risks, among others. We believe these factors include but are not limited to those described under the section entitled Risk Factors in this prospectus supplement and the documents incorporated by reference herein, including the factors described in the Company's 2012 Annual Report, and other factors as may be described from time to time in our periodic filings with the Commission, which are accessible on the Commission's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus supplement and in other filings. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement. 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 supplement and the accompanying prospectus carefully, including the information incorporated by reference herein and the sections entitled Risk Factors in this prospectus supplement and in the accompanying prospectus, our financial statements and the related notes and management's discussion and analysis thereof incorporated by reference in this prospectus supplement, before making an investment decision to purchase our Class A shares.

Company Overview

Founded in 1990, Apollo is a leading global alternative investment manager. We are contrarian, value-oriented investors in private equity, credit and real estate, with significant distressed investment expertise. We have a flexible mandate in the majority of the funds we manage that enables the funds to invest opportunistically across a company's capital structure. We raise, invest and manage funds on behalf of some of the world's most prominent pension, endowment and sovereign wealth funds, as well as other institutional and individual investors. As of March 31, 2013, we had total AUM of \$114.3 billion, including approximately \$39.2 billion in private equity, \$63.5 billion in credit and \$9.4 billion in real estate. 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 March 31, 2013.

Apollo is led by our managing partners, Leon Black, Joshua Harris and Marc Rowan, who have worked together for more than 22 years and lead a team of 644 employees, including 252 investment professionals, as of March 31, 2013. This team possesses a broad range of transaction, financial, managerial and investment skills. We have offices in New York, Los Angeles, Houston, London, Frankfurt, Luxembourg, Singapore, Hong Kong, and Mumbai. We operate our private equity, credit and real estate businesses in a highly integrated manner, which we believe distinguishes us from other alternative investment managers. Our investment professionals frequently collaborate across disciplines. We believe that this collaboration, including market insight, management, banking and consultant contacts, and investment opportunities, enables the funds we manage to more successfully invest across a company's capital structure. This platform and the depth and experience of our investment team have enabled us to deliver strong long-term investment performance for our funds throughout a range of economic cycles.

Our objective is to achieve superior long-term risk-adjusted returns for our fund investors. The majority of our investment funds are designed to invest capital over periods of seven or more years from inception, thereby allowing us to generate attractive long-term returns throughout economic cycles. Our investment approach is value-oriented, focusing on nine core industries in which we have considerable knowledge and experience, and emphasizing downside protection and the preservation of capital. Our core industry sectors cover chemicals, commodities, consumer and retail, distribution and transportation, financial and business services, manufacturing and industrial, media and cable and leisure, packaging and materials and the satellite and wireless industries. We are frequently contrarian in our investment approach, which is reflected in a number of ways, including:

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

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

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

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

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

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We have applied this investment philosophy to identify what we believe are attractive investment opportunities, deploy capital across the balance sheet of industry leading, or franchise, businesses and create value throughout economic cycles.

We benefit from mandates with long-term capital commitments in our private equity, credit and real estate 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. As of March 31, 2013, approximately 93% of our AUM was in funds with a contractual life at inception of seven years or more, and 10% of our AUM was in permanent capital vehicles with unlimited duration.

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

Business Segments

Our business is organized into three business segments:

Private Equity

As a result of our long history of 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, which we refer to herein also as buyout equity, we apply a highly disciplined approach towards structuring and executing 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 we have a demonstrated ability to adapt quickly to changing market environments and capitalize on market dislocations through our traditional, distressed and corporate buyout approach. In prior periods of strained financial liquidity and economic recession, our private equity funds have made attractive investments by buying the debt of quality businesses (which we refer to as classic distressed debt), converting that debt to equity, seeking to create value through active participation with management and ultimately monetizing the investment. This combination of traditional and corporate buyout investing with a distressed option has been deployed through 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.

We seek to focus on investment opportunities where competition is limited or non-existent. We believe we are often sought out early in the investment process because of our industry expertise, willingness to pursue investments in complicated situations and ability to provide value-added advice to portfolio companies regarding operational improvements, acquisitions and strategic direction. We generally prefer sole sponsored transactions and since inception through December 31, 2012, approximately 80% of the investments made by our private equity funds have been proprietary in nature. We believe that by emphasizing our proprietary sources of deal flow, our private equity funds will be able to acquire businesses at more compelling valuations which will ultimately create a more attractive risk/reward proposition.

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Distressed Buyouts and Debt Investments. During periods of market dislocation and volatility, we rely on our credit and capital markets expertise to build positions in distressed debt. We target assets with high-quality operating businesses but low-quality balance sheets, consistent with our traditional buyout strategies.

We believe distressed buyouts and debt investments represent a highly attractive risk/reward profile. Our funds' investments in debt securities have generally resulted in two outcomes. The first and preferred potential outcome, which we refer to as a distressed for control investment, is when our funds are successful in taking control of a company through its investment in the distressed debt. The second potential outcome, which we refer to as a non-control distressed investment, is when our funds do not gain control of the company. In these instances, we may forgo seeking control, and instead our funds may seek to sell the debt investments over time, typically generating a higher short-term IRR with a lower multiple of invested capital than in the case of a typical distressed for control transaction. We believe that we are a market leader in distressed investing and that this is one of the key areas that differentiates us from our peers.

During the depths of the most recent financial crisis, we believe we were one of the most active market participants, with our funds acquiring over \$40.5 billion of face value of debt investments from inception through March 31, 2013 in an array of distressed strategies whereby our funds purchased levered senior loans, effectuated distressed for control investments and bought back debt of the funds' portfolio companies at significant discounts to par.

Corporate Carve Outs. Corporate partner buyouts or carve-out situations offer another way to capitalize on investment opportunities during environments in which purchase prices for control of companies are at high multiples of earnings, making them less attractive for traditional buyout investors. Corporate partner buyouts focus on companies in need of a financial partner in order to consummate acquisitions, expand product lines, buy back stock or pay down debt. In these investments, our funds do not seek control but instead make significant investments that typically allow our funds to demand control rights similar to those that would be required in a traditional buyout, such as control over the direction of the business and ultimate exit.

Corporate partner buyouts typically have lower purchase multiples and a significant amount of downside protection, when compared with traditional buyouts. We have often been able to use our position as a preferred security holder in several buyouts to weather difficult times in a portfolio company's lifecycle and to create significant value in investments that otherwise would have been impaired.

Opportunistic Buyouts. We have extensive experience completing leveraged buyouts across various market cycles. We take an opportunistic and disciplined approach to these transactions, generally avoiding highly competitive situations in favor of proprietary transactions where there may be opportunities to purchase a company at a discount to prevailing market averages. To further alter the risk/reward profile in our funds' favor, we often focus on certain types of buyouts such as physical asset acquisitions and investments in non-correlated assets where underlying values tend to change in a manner that is independent of broader market movements.

In the case of more conventional buyouts, we seek investment opportunities where we believe our focus on complexity and sector expertise will provide us with a significant competitive advantage, whereby we can leverage our knowledge and experience from the nine core industries in which our investment professionals have historically invested private equity capital. We believe such knowledge and experience can result in our ability to find attractive opportunities for our funds to acquire portfolio company investments at lower purchase price multiples.

Other Investments. In addition to our opportunistic, distressed and corporate partner buyout activities, we also maintain the flexibility to deploy capital of our private equity funds in other types of investments such as the creation of new companies, which allows us to leverage our deep industry and distressed expertise and collaborate with experienced management teams to seek to capitalize on market opportunities that we have

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identified, particularly in asset-intensive industries that are in distress. In these types of situations, we have the ability to establish new entities that can acquire distressed assets at what we believe are attractive valuations without the burden of managing an existing portfolio of legacy assets.

Natural Resources. In 2011, Apollo established Apollo Natural Resources Partners, L.P. (together with its parallel funds and alternative investment vehicles, ANRP), and has assembled a team of dedicated investment professionals to capitalize on private equity investment opportunities in the natural resources industry, principally in the metals and mining, energy and select other natural resources sectors. ANRP completed its fundraising period during the fourth quarter of 2012, and had over \$1.3 billion of committed capital as of March 31, 2013.

AP Alternative Assets, L.P. AAA is a Guernsey limited partnership whose partners are comprised of (i) AAA Guernsey Limited (AAA Guernsey), which holds 100% of the general partner interests in AAA, and (ii) the holders of common units representing limited partner interests in AAA. The common units are non-voting and are listed on NYSE Euronext in Amsterdam under the symbol AAA. AAA generally makes all of these investments through AAA Investments, of which AAA is the sole limited partner.

AAA issued approximately \$1.9 billion of equity capital in its initial public offering in June 2006. As of March 31, 2013, AAA, through its investment in AAA Investments, was the largest shareholder of Athene Holding Ltd. (together with its subsidiaries, Athene) with an approximate 72% ownership stake (without giving effect to restricted common shares issued under Athene's management equity plan).

Building Value in Portfolio Companies. We are a hands-on investor organized around nine core industries where we believe we have significant knowledge and expertise, and we remain actively engaged with the management teams of the portfolio companies of our private equity funds. We have established relationships with operating executives that assist in the diligence review of new opportunities and provide strategic and operational oversight for portfolio investments. We actively work with the management of each of the portfolio companies of the funds we manage to maximize the underlying value of the business. To achieve this, we take a holistic approach to value-creation, concentrating on both the asset side and liability side of the balance sheet of a company.

Credit

Since Apollo's founding in 1990, we believe our expertise in credit has served as an integral component of our company's growth and success. Our credit-oriented approach to investing commenced in 1990 with the management of a \$3.5 billion high-yield bond and leveraged loan portfolio. Since that time, our credit activities have grown significantly, through both organic growth and strategic acquisitions. As of March 31, 2013, Apollo's credit segment had total AUM and fee-generating AUM of \$63.5 billion and \$48.5 billion, respectively, across a diverse range of credit-oriented investments that utilize the same disciplined, value-oriented investment philosophy that we employ with respect to our private equity funds.

Apollo's broad credit platform, which we believe is adaptable to evolving market conditions and different risk tolerances, has been organized by the following six functional groups:

U.S. Performing Credit. The U.S. performing credit group provides investment management services to funds, including strategic investment accounts (SIAs), that primarily focus on income-oriented, senior loan and bond investment strategies. The U.S. performing credit group also includes CLOs that we raise and manage internally. As of March 31, 2013, our U.S. performing credit group had total AUM and fee-generating AUM of \$27.0 billion and \$20.6 billion, respectively.

Structured Credit. The structured credit group provides investment management services to funds, including SIAs, that primarily focus on structured credit investment strategies that target multiple

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tranches of structured securities with favorable and protective lending terms, predictable payment schedules, strong financials, and low historical levels of default by underlying borrowers, among other characteristics. These strategies include investments in externally managed CLOs, residential mortgage-backed securities, asset-backed securities and other structured instruments, including insurance-linked securities and longevity-based products. The structured credit group also serves as substitute investment manager for a number of asset-backed CDOs and other structured vehicles. As of March 31, 2013, our structured credit group had total AUM and fee-generating AUM of \$12.5 billion and \$8.2 billion, respectively.

Opportunistic Credit. The opportunistic credit funds and SIAs invest in a broad array of primary and secondary opportunities encompassing performing, stressed and distressed public and private securities primarily within corporate credit, including senior loans, high yield, mezzanine, debtor in possession financings, rescue or bridge financings, and other debt investments. Additionally, certain opportunistic credit funds will selectively invest in aircraft, energy and structured credit investment opportunities. In certain cases, leverage can be employed in connection with these strategies by having fund subsidiaries or special-purpose vehicles incur debt or by entering into credit facilities or other debt transactions to finance the acquisition of various credit investments. As of March 31, 2013, our opportunistic credit group had total AUM and fee-generating AUM of \$6.1 billion and \$4.5 billion, respectively.

Non-performing Loans. The non-performing loan group provides investment management services to funds, including SIAs, that primarily invest in European commercial and residential real estate performing and non-performing loans (NPLs) and unsecured consumer loans. The non-performing loan group also controls captive pan-European loan servicing and property management platforms within certain of the NPL investment vehicles that we manage. As of December 31, 2012, these loan servicing and property management platforms operate in six European countries and directly service consumer credit card receivables and loans secured by commercial and residential properties. The post-investment loan servicing and real estate asset management requirements, combined with the illiquid nature of NPLs, limit participation by traditional long only investors, hedge funds, and private equity funds, resulting in what we believe to be a unique opportunity for our credit business. As of March 31, 2013, our non-performing loans group had total AUM and fee-generating AUM of \$6.0 billion and \$4.3 billion, respectively.

European Credit. The European credit group provides investment management services to funds, including SIAs, that focus on investment strategies in a variety of credit opportunities in Europe across a company's capital structure. The European credit group invests in senior secured loans and notes, mezzanine loans, subordinated notes, distressed and stressed credit and other idiosyncratic credit investments of companies established or operating in Europe, with a focus on Western Europe. As of March 31, 2013, our European credit group had total AUM and fee-generating AUM of \$2.2 billion and \$1.3 billion, respectively.

Athene. During 2009, Athene Holding Ltd. was founded to capitalize on favorable market conditions in the dislocated life insurance sector and Athene is a leading provider of products in the retirement savings market. Apollo also formed Athene Asset Management LLC during 2009, an investment manager that receives fees for asset management services provided to Athene and other insurance clients, including asset allocation and portfolio management strategies. As of March 31, 2013, Athene Asset Management LLC had \$16.2 billion of total AUM, of which approximately \$6.5 billion was either sub-advised by Apollo or invested in Apollo funds and investment vehicles. On May 1, 2013, Athene Holding Ltd. entered into a definitive agreement to sell, through a reinsurance agreement, Aviva USA Corporation's life insurance business to Commonwealth Annuity and Life Insurance Co., a wholly owned subsidiary of Global Atlantic Financial Group and a Massachusetts domiciled insurance and reinsurance company that is rated A-(stable) by AM Best. The sale is contingent upon the pending acquisition by Athene of Aviva USA Corporation.

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Real Estate

We have assembled a dedicated global investment management team to pursue real estate investment opportunities which we believe benefits from Apollo's long-standing history of investing in both credit and real estate-related sectors such as hotels and lodging, leisure, and logistics. We believe our dedicated real estate platform benefits from, and contributes to, Apollo's integrated platform, with \$9.4 billion in AUM in both credit and real estate-related sectors as of March 31, 2013, and further expands Apollo's deep real estate industry knowledge and relationships.

AGRE U.S. Real Estate Fund, L.P. Apollo Global Real Estate Management, L.P. (*AGRE*), an indirect subsidiary of Apollo, is the sponsor of the *AGRE U.S. Real Estate Fund, L.P.* (*AGRE U.S. Real Estate Fund*), which pursues investment opportunities to recapitalize, restructure and acquire real estate assets, portfolios and companies primarily in the United States. As of March 31, 2013, the *AGRE U.S. Real Estate Fund* had \$785.2 million of committed capital, including committed capital from co-investors.

Citi Property Investors (CPI) Business. On November 12, 2010, Apollo completed the acquisition of the *CPI* business, which was the real estate investment management business of Citigroup Inc. *CPI* is an integrated real estate investment platform with investment professionals located in Asia, Europe and North America. As part of the acquisition, Apollo acquired general partner interests in, and advisory agreements with, various real estate investment funds and co-investment vehicles and added to its team of real estate professionals. As of March 31, 2013, *CPI* had total and fee-generating AUM of approximately \$2.8 billion and \$1.7 billion, respectively.

Apollo Commercial Real Estate Finance, Inc. In September 2009, we launched *Apollo Commercial Real Estate Finance, Inc.* (*ARI*), a publicly traded real estate investment trust managed by Apollo that acquires, originates, invests in and manages performing commercial first mortgage loans, commercial mortgage backed securities (*CMBS*), mezzanine investments and other commercial real estate-related investments in the United States. The company trades on the NYSE under the symbol *ARI*. As of March 31, 2013, *ARI* had total and fee-generating AUM of approximately \$1.0 billion and \$0.6 billion, respectively.

CMBS Funds. Since December 2009, we have launched four real estate accounts formed to invest principally in *CMBS* with total and fee-generating AUM as of March 31, 2013 of approximately \$2.4 billion and \$0.4 billion, respectively.

Management Fees and Carried Interest

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 credit and real estate funds), adjusted assets (in the case of *AAA*), gross invested capital or fund net asset value (in the case of the rest of our credit funds), stockholders' equity (in the case of *ARI*) or the capital accounts of the limited partners (in the case of *AGRE CMBS Fund L.P.*), (ii) transaction and advisory fees received from private equity and certain credit portfolio companies in respect of business and transaction consulting services that we provide, as well as advisory services provided to a credit 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 credit 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.

The composition of our revenues will vary based on market conditions and the cyclicity of the different businesses in which we operate. Our funds' returns are driven by investment opportunities and general market conditions, including the availability of debt capital on attractive terms and the availability of distressed debt.

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opportunities. Our funds initially record fund investments at cost and then such investments are subsequently recorded at fair value. Fair values are affected by changes in the fundamentals of the portfolio company, the portfolio company's industry, the overall economy as well as other market conditions.

The table below presents our fee-generating AUM as of the dates indicated.

Fee-Generating AUM
As of December 31,