Apollo Global Management LLC
Form 10-Q
November 14, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2012**

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission File Number: 001-35107

APOLLO GLOBAL MANAGEMENT, LLC

(Exact name of Registrant as specified in its charter)

Delaware	**20-8880053**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

9 West 57th Street, 43rd Floor

New York, New York 10019

(Address of principal executive offices) (Zip Code)

(212) 515-3200

(Registrant s telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of November 9, 2012 there were 130,024,284 Class A shares and 1 Class B share outstanding.

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Forward-Looking Statements

This quarterly report may contain forward looking statements that are within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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 quarterly report, the words believe, anticipate, estimate, expect, intend and similar expressions 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 the Company s Form 10-K filed with the United States Securities and Exchange Commission (SEC) pursuant to Rule 424(b) of the Securities Act of 1933 on March 9, 2012, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC 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 release 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.

Terms Used in This Report

In this quarterly report, references to 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 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 credit funds, other than certain senior credit funds, which are structured as collateralized loan obligations (such as Artus, which we measure by using the mark-to-market value of the aggregate principal amount of the underlying collateralized loan obligations) or certain collateralized loan obligation (CLOs) and collateralized debt obligation (CDOs) credit funds that have a fee generating basis other than mark-to-market asset values, plus used or available leverage and/or capital commitments;

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

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(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. 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 capita capital contributions, each as defined in the applicable management agreement. Monitoring fees for AUM purposes are based on the total value of certain structured portfolio vehicle investments, which normally include leverage, less any portion of such total value that is already considered in fee-generating AUM.

Non-fee generating AUM consists of assets that do not produce management fees or monitoring fees. These assets generally consist of the following: (a) fair value above invested capital for those funds that earn management fees based on invested capital, (b) net asset values related to general partner and co-investment ownership, (c) unused credit facilities, (d) available commitments on those funds that generate management fees on invested capital, (e) structured portfolio vehicle investments that do not generate monitoring fees and (f) the difference between gross assets 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.

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 investments assuming disposition on September 30, 2012 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;

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; and

Net return represents the calculated return that is based on month-to-month changes in net assets and is calculated using the returns that have been geometrically linked based on capital contributions, distributions and dividend reinvestments, as applicable.

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Committed Capital Less unfunded capital commitments represents capital commitments from limited partners to invest in a particular fund less capital that is available for investment or reinvestment subject to the provisions of the limited partnership agreements.

Distressed debt investments in our private equity funds typically result in one of two outcomes. In both cases our original investment objective was predicated around gaining control of the company:

i) Distressed for Control : We succeed in taking control of a company through its distressed debt. By working proactively through the restructuring process, we are able to equitize our debt position, resulting in a well-financed buyout. Once we control the company, the investment team works closely with management toward an eventual exit, typically over a three- to five-year period as with a traditional buyout.

ii) Non-Control Distressed : A restructuring does not occur and we do not gain control of the company. This is typically driven by an increase in the price of the debt beyond what is considered an attractive acquisition valuation. The increase in bond prices is usually a result of market interest or a strategic investor s interest in the company at a higher valuation than we are willing to pay. In these cases, we typically sell our securities for cash and seek to realize a high short-term internal rate of return.

Portfolio Company Debt refers to debt securities such as corporate bonds and loans for existing portfolio companies in our private equity funds.

Other Credit for our private equity funds refers to portfolios of levered senior loans secured with attractive financing during the depths of the global financial crisis in 2008 and 2009.

Classic Distressed for our private equity funds refers to our investments in debt securities at distressed prices.

Traditional buyouts or Buyout Equity have historically comprised the majority of our investments. We generally target investments in companies where an entrepreneurial management team is comfortable operating in a leveraged environment. We also pursue acquisitions where we believe a non-core business owned by a large corporation will function more effectively if structured as an independent entity managed by a focused, stand-alone management team. Our leveraged buyouts have generally been in situations that involved consolidation through merger or follow-on acquisitions; carveouts from larger organizations looking to shed non-core assets; situations requiring structured ownership to meet a seller s financial goals; or situations in which the business plan involved substantial departures from past practice to maximize the value of its assets.

The Average Entry Multiple for a private equity fund is the average of the total enterprise value over an applicable EBITDA that captures the true economics for our purchases of portfolio companies.

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APOLLO GLOBAL MANAGEMENT, LLC

CONDENSED CONSOLIDATED STATEMENTS

OF FINANCIAL CONDITION (UNAUDITED)

(dollars in thousands, except share data)

	September 30, 2012	December 31, 2011
Assets:		
Cash and cash equivalents	$ 752,496	$ 738,679
Cash and cash equivalents held at Consolidated Funds	694	6,052
Restricted cash	8,931	8,289
Investments	2,025,242	1,857,465
Assets of consolidated variable interest entities:		
Cash and cash equivalents	1,584,143	173,542
Investments, at fair value	12,090,672	3,301,966
Other assets	373,445	57,855
Carried interest receivable	1,627,936	868,582
Due from affiliates	272,410	176,740
Fixed assets, net	53,916	52,683
Deferred tax assets	550,601	576,304
Other assets	28,597	26,976
Goodwill	48,894	48,894
Intangible assets, net	151,427	81,846
Total Assets	**$ 19,569,404**	**$ 7,975,873**
Liabilities and Shareholders Equity		
Liabilities:		
Accounts payable and accrued expenses	$ 46,911	$ 33,545
Accrued compensation and benefits	93,408	45,933
Deferred revenue	272,537	232,747
Due to affiliates	658,117	578,764
Profit sharing payable	825,583	352,896
Debt	737,986	738,516
Liabilities of consolidated variable interest entities:		
Debt, at fair value	11,291,860	3,189,837
Other liabilities	600,853	122,264
Other liabilities	49,780	33,050
Total Liabilities	**14,577,035**	**5,327,552**
Commitments and Contingencies (see note 13)		
Shareholders Equity:		
Apollo Global Management, LLC shareholders equity:		
Class A shares, no par value, unlimited shares authorized, 129,874,286 shares and 123,923,042 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively		
Class B shares, no par value, unlimited shares authorized, 1 share issued and outstanding at September 30, 2012 and December 31, 2011		
Additional paid in capital	3,015,240	2,939,492
Accumulated deficit	(2,313,381)	(2,426,197)
Appropriated partners capital	1,894,446	213,594

Accumulated other comprehensive income (loss)	168	(488)
Total Apollo Global Management, LLC shareholders equity	2,596,473	726,401
Non-Controlling Interests in consolidated entities	1,591,946	1,444,767
Non-Controlling Interests in Apollo Operating Group	803,950	477,153
Total Shareholders Equity	**4,992,369**	**2,648,321**
Total Liabilities and Shareholders Equity	**$ 19,569,404**	**$ 7,975,873**

See accompanying notes to condensed consolidated financial statements.

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APOLLO GLOBAL MANAGEMENT, LLC

CONDENSED CONSOLIDATED STATEMENTS

OF OPERATIONS (UNAUDITED)

(dollars in thousands, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Advisory and transaction fees from affiliates	$ 15,149	$ 16,837	$ 112,162	$ 59,809
Management fees from affiliates	147,611	122,666	418,115	362,003
Carried interest income (loss) from affiliates	549,613	(1,619,083)	1,170,467	(896,174)
Total Revenues	712,373	(1,479,580)	1,700,744	(474,362)
Expenses:				
Compensation and benefits:				
Equity-based compensation	144,407	288,208	435,387	859,173
Salary, bonus and benefits	64,647	68,433	204,666	204,788
Profit sharing expense	237,433	(563,255)	506,308	(275,437)
Incentive fee compensation	364	(3,876)	372	2,689
Total Compensation and Benefits	446,851	(210,490)	1,146,733	791,213
Interest expense	7,136	9,790	29,083	30,999
Professional fees	11,490	6,965	39,849	37,318
General, administrative and other	24,028	16,566	66,810	55,675
Placement fees	4,292	1,991	13,344	3,105
Occupancy	9,644	10,391	27,360	25,542
Depreciation and amortization	16,567	6,687	37,021	19,635
Total Expenses	520,008	(158,100)	1,360,200	963,487
Other Income:				
Net gains (losses) from investment activities	20,463	(371,647)	149,957	(150,407)
Net losses from investment activities of consolidated variable interest entities	(45,475)	(4,760)	(29,913)	(41)
Income (loss) from equity method investments	40,779	(56,438)	83,191	(29,242)
Interest and dividend income	3,277	670	7,093	1,540
Other income (loss), net	8,304	(10,135)	1,959,669	11,039
Total Other Income (Loss)	27,348	(442,310)	2,169,997	(167,111)
Income (loss) before income tax provision	219,713	(1,763,790)	2,510,541	(1,604,960)
Income tax (provision) benefit	(21,917)	19,847	(47,127)	7,477
Net Income (Loss)	197,796	(1,743,943)	2,463,414	(1,597,483)
Net (income) loss attributable to Non-Controlling Interests	(115,005)	1,277,017	(2,323,966)	1,117,724
Net Income (Loss) Attributable to Apollo Global Management, LLC	$ 82,791	$ (466,926)	$ 139,448	$ (479,759)

Distributions Declared per Class A Share	$ 0.24	$ 0.24	$ 0.95	$ 0.63
Net Income (Loss) Per Class A Share:				
Net Income (Loss) Per Class A Share Basic and Diluted	$ 0.55	$ (3.86)	$ 0.93	$ (4.33)
Weighted Average Number of Class A Shares Basic	128,980,438	122,381,069	126,909,962	113,941,869
Weighted Average Number of Class A Shares Diluted	131,635,202	122,381,069	129,309,716	113,941,869

See accompanying notes to condensed consolidated financial statements.

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APOLLO GLOBAL MANAGEMENT, LLC

CONDENSED CONSOLIDATED STATEMENTS

OF COMPREHENSIVE INCOME (UNAUDITED)

(dollars in thousands, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net Income (Loss)	**$ 197,796**	**$ (1,743,943)**	**$ 2,463,414**	**$ (1,597,483)**
Other Comprehensive Income, net of tax:				
Net unrealized (loss) gain on interest rate swaps (net of taxes of $172 and $260 for Apollo Global Management, LLC for the three months ended September 30, 2012 and 2011, respectively, and $410 and $605 for Apollo Global Management, LLC for the nine months ended September 30, 2012 and 2011, respectively, and $0 for Non-Controlling Interests in Apollo Operating Group for both the three and nine months ended September 30, 2012 and 2011)	(172)	1,894	2,653	5,040
Net gain (loss) on available-for-sale securities (from equity method investment)	16	(52)	13	(161)
Total Other Comprehensive (Loss) Income, net of tax	(156)	1,842	2,666	4,879
Comprehensive Income (Loss)	**197,640**	**(1,742,101)**	**2,466,080**	**(1,592,604)**
Comprehensive (Income) Loss Attributable to Non-Controlling Interests	(174,245)	1,271,024	(452,563)	1,099,701
Comprehensive Income (Loss) Attributable to Apollo Global Management, LLC	**$ 23,395**	**$ (471,077)**	**$ 2,013,517**	**$ (492,903)**

See accompanying notes to condensed consolidated financial statements.

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APOLLO GLOBAL MANAGEMENT, LLC

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES

IN SHAREHOLDERS EQUITY (UNAUDITED)

NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

(dollars in thousands, except share data)

	Apollo Global Management, LLC Shareholders									
	Class A Shares	Class B Shares	Additional Paid in Capital	Accumulated Deficit	Appropriated Partners Capital	Accumulated Other Comprehensive (Loss) Income	Total Apollo Global Management, LLC Total Shareholders Equity	Non-Controlling Interests in Consolidated Entities	Non-Controlling Interests in Apollo Operating Group	Total Shareholders Equity
Balance at January 1, 2011	97,921,232	1	$ 2,078,890	$ (1,937,818)	$ 11,359	$ (1,529)	$ 150,902	$ 1,888,224	$ 1,042,293	$ 3,081,419
Issuance of Class A shares	21,500,000		382,488				382,488			382,488
Dilution impact of issuance of Class A shares			134,720			(356)	134,364		(127,096)	7,268
Capital increase related to equity-based compensation			332,038				332,038		525,910	857,948
Cash distributions								(311,352)		(311,352)
Distributions			(85,991)				(85,991)	(27,284)	(151,200)	(264,475)
Distributions related to deliveries of Class A shares for RSUs	3,568,995		7,588	(16,980)			(9,392)			(9,392)
Non-cash distributions								(1,522)		(1,522)
Net transfers of AAA ownership interest to (from) Non-Controlling Interests in consolidated entities			(6,524)				(6,524)	6,524		
Satisfaction of liability related to AAA RDUs			3,845				3,845			3,845
Net loss				(479,759)	(14,197)		(493,956)	(110,808)	(992,719)	(1,597,483)
Net loss on available-for-sale securities (from equity method investment)						(161)	(161)			(161)
Net unrealized gain on interest rate swaps (net of taxes of $605 and $0 for Apollo Global Management, LLC and Non-Controlling Interests in Apollo						1,214	1,214		3,826	5,040

Operating Group, respectively)										
Balance at September 30, 2011	**122,990,227**	**1**	**$ 2,847,054**	**$ (2,434,557)**	**$ (2,838)**	**$ (832)**	**$ 408,827**	**$ 1,443,782**	**$ 301,014**	**$ 2,153,623**
Balance at January 1, 2012	**123,923,042**	**1**	**$ 2,939,492**	**$ (2,426,197)**	**$ 213,594**	**$ (488)**	**$ 726,401**	**$ 1,444,767**	**$ 477,153**	**$ 2,648,321**
Capital increase related to equity-based compensation			205,370				205,370		227,973	433,343
Capital contributions								267,642		267,642
Cash distributions to Non-Controlling Interests								(394,954)		(394,954)
Distributions			(142,616)		(192,561)		(335,177)		(239,022)	(574,199)
Distributions related to deliveries of Class A shares for RSUs	5,951,244		(83)	(25,852)			(25,935)			(25,935)
Purchase of AAA units								(100,046)		(100,046)
Non-cash distributions				(780)			(780)	(2,728)		(3,508)
Non-cash contribution to Non-Controlling Interests								1,247		1,247
Capital increase related to business acquisition (note 3)			14,001				14,001			14,001
Non-Controlling Interests in consolidated entities at acquisition date								306,351		306,351
Deconsolidation								(46,148)		(46,148)
Net transfers of AAA ownership interest to (from) Non-Controlling Interests in consolidated entities			(1,098)				(1,098)	1,098		
Satisfaction of liability related to AAA RDUs			174				174			174
Net income				139,448	1,873,413		2,012,861	114,717	335,836	2,463,414
Net gain on available-for-sale securities (from equity method investment)						13	13			13
Net unrealized gain on interest rate swaps (net of taxes of $410 and $0 for Apollo Global Management, LLC and Non-Controlling Interests in Apollo Operating Group, respectively)						643	643		2,010	2,653
Balance at September 30, 2012	**129,874,286**	**1**	**$ 3,015,240**	**$ (2,313,381)**	**$ 1,894,446**	**$ 168**	**$ 2,596,473**	**$ 1,591,946**	**$ 803,950**	**$ 4,992,369**

See accompanying notes to condensed consolidated financial statements.

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APOLLO GLOBAL MANAGEMENT, LLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

NINE MONTHS ENDED SEPTEMBER 30, 2012 and 2011

(dollars in thousands, except share data)

	2012	2011
Cash Flows from Operating Activities:		
Net income	$ 2,463,414	$ (1,597,483)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Equity-based compensation	435,387	859,173
Depreciation and amortization	7,582	8,380
Amortization of intangible assets	29,439	11,255
Amortization of debt issuance costs	383	383
Losses from investment in HFA and other investments	7,774	14,535
Non-cash interest income	(2,370)	
Income from equity awards received for directors fees	(2,469)	(2,808)
(Income) loss from equity method investment	(83,191)	29,242
Waived management fees	(18,460)	(19,490)
Non-cash compensation expense related to waived management fees	18,460	19,490
Non-cash change in profit sharing payable	16,880	
Deferred taxes, net	38,029	(6,945)
Loss on disposal of assets	911	570
Gain on business acquisitions	(1,951,133)	
Changes in assets and liabilities:		
Carried interest receivable	(723,258)	1,232,373
Due from affiliates	(95,741)	(29,332)
Other assets	(1,001)	(7,603)
Accounts payable and accrued expenses	8,168	(5,933)
Accrued compensation and benefits	45,605	45,034
Deferred revenue	35,352	3,532
Due to affiliates	63,332	67,404
Profit sharing payable	338,107	(393,598)
Other liabilities	(2,002)	3,171
Apollo Funds related:		
Net realized (gains) losses from investment activities	(23,144)	12,581
Net unrealized (gains) losses from investment activities	(340,463)	156,128
Net realized gains on debt		(41,819)
Net unrealized losses on debt	356,890	9,261
Distributions from investment activities	99,675	28,000
Change in cash held at consolidated variable interest entities	(249,585)	55,212
Purchases of investments	(4,658,417)	(991,189)
Sale of investments	4,650,584	1,185,930
Change in other assets	78,435	21,049
Change in other liabilities	(82,740)	(12,685)
Net Cash Provided by Operating Activities	**460,433**	**653,818**
Cash Flows from Investing Activities:		
Purchases of fixed assets	(8,101)	(19,931)
Acquisition of Stone Tower (net of cash assumed) (see note 3)	(99,190)	
Proceeds from disposals of fixed assets		367
Purchase of investments in HFA and other		(52,069)

Cash contributions to equity method investments	(109,076)	(40,868)
Cash distributions from equity method investments	82,027	46,872
Change in restricted cash	(642)	(1,742)
Net Cash Used in Investing Activities	**$ (134,982)**	**$ (67,371)**

See accompanying notes to condensed consolidated financial statements.

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APOLLO GLOBAL MANAGEMENT, LLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONT D)

NINE MONTHS ENDED SEPTEMBER 30, 2012 and 2011

(dollars in thousands, except share data)

	2012	2011
Cash Flows from Financing Activities:		
Issuance of Class A shares	$	$ 383,990
Issuance costs		(1,502)
Principal repayments on debt	(530)	(1,832)
Distributions related to deliveries of Class A shares for RSUs	(25,852)	(16,980)
Distributions paid to Non-Controlling Interests in consolidated entities	(6,595)	(10,431)
Contributions from Non-Controlling Interests in consolidated entities	2,535	
Distributions paid	(127,614)	(76,550)
Distributions paid to Non-Controlling Interests in Apollo Operating Group	(239,022)	(151,200)
Apollo Funds related:		
Issuance of debt	929,532	454,356
Principal repayment on term loans	(433,587)	(412,057)
Purchase of AAA units	(100,046)	
Distributions paid	(192,561)	
Distributions paid to Non-Controlling Interests in consolidated entities		(27,284)
Distributions paid to Non-Controlling Interests in consolidated variable interest entities	(388,359)	(300,921)
Contributions from Non-Controlling Interests in consolidated variable interest entities	265,107	
Net Cash Used in Financing Activities	**(316,992)**	**(160,411)**
Net Increase in Cash and Cash Equivalents	8,459	426,036
Cash and Cash Equivalents, Beginning of Period	744,731	382,269
Cash and Cash Equivalents, End of Period	**$ 753,190**	**$ 808,305**
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 39,138	$ 36,974
Interest paid by consolidated variable interest entities	79,371	13,852
Income taxes paid	4,225	8,821
Supplemental Disclosure of Non-Cash Investing Activities:		
Change in accrual for purchase of fixed assets	(1,624)	967
Non-cash contributions on equity method investments	3,478	6,296
Non-cash distributions from equity method investments	(468)	(703)
Non-cash sale of assets held-for-sale for repayment of CIT loan		(11,069)
Non-cash purchases of other investments, at fair value		2,808
Non-cash distributions from investing activities	2,170	1,522
Supplemental Disclosure of Non-Cash Financing Activities:		
Non-cash distributions	(15,782)	(9,441)
Non-cash distributions to Non-Controlling Interests in consolidated entities	(2,728)	(1,522)
Non-cash contributions from Non-Controlling Interests in consolidated entities	1,247	
Non-cash contributions from Non-Controlling Interests in Apollo Operating Group related to equity-based compensation	227,973	525,910
Unrealized gain on interest rate swaps attributable to Non-Controlling Interests in Apollo Operating Group, net of taxes	2,010	3,826
Satisfaction of liability related to AAA RDUs	174	3,845

Dilution impact of issuance of Class A shares		134,364
Dilution impact of issuance of Class A shares on Non-Controlling Interests in Apollo Operating Group		(127,096)
Net transfers of AAA ownership interest to Non-Controlling Interests in consolidated entities	1,098	6,524
Net transfers of AAA ownership from Apollo Global Management, LLC	(1,098)	(6,524)
Unrealized gain on interest rate swaps	1,053	1,819
Unrealized gain (loss) on available-for-sale securities (from equity method investment)	13	(161)
Deferred taxes related to interest rate swaps	(410)	(605)
Capital increases related to equity-based compensation	205,370	332,038
Tax benefits related to deliveries of Class A shares for RSUs	83	(7,588)
Non-cash accrued compensation related to ARI RSUs and AMTG RSUs	1,307	848
Non-cash accrued compensation related to AAA RDUs	737	377
Non-Controlling interests in consolidated entities related to acquisition	260,203	
Capital increase related to business acquisition	14,001	
Satisfaction of liability related to repayment of CIT loan		11,069

See accompanying notes to condensed consolidated financial statements.

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APOLLO GLOBAL MANAGEMENT, LLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONT D)

NINE MONTHS ENDED SEPTEMBER 30, 2012 and 2011

(dollars in thousands, except share data)

	2012	2011
Net Assets Transferred from Consolidated Variable Interest Entity:		
Cash and cash equivalents	1,161,016	
Investments, at fair value	8,581,827	
Other assets	394,026	
Debt, at fair value	(7,255,172)	
Other liabilities	(560,262)	

See accompanying notes to condensed consolidated financial statements.

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1. ORGANIZATION AND BASIS OF PRESENTATION

Apollo Global Management, LLC and its consolidated subsidiaries (the Company or Apollo), is a global alternative investment manager whose predecessor was founded in 1990. Its primary business is to raise and invest private equity, credit and real estate funds as well as managed accounts, on behalf of pension and endowment funds, as well as other institutional and high net worth individual investors. For these investment management services, Apollo receives management fees generally related to the amount of assets managed, transaction and advisory fees for the investments made and carried interest income related to the performance of the respective funds that it manages. Apollo has three primary business segments:

Private equity primarily invests in control equity and related debt instruments, convertible securities and distressed debt investments;

Credit primarily invests in non-control debt and non-control equity investments, including distressed debt securities and non-performing loans; and

Real estate invests in legacy commercial mortgage-backed securities, commercial first mortgage loans, mezzanine investments and other commercial real estate-related debt investments. Additionally, the Company sponsors real estate funds that focus on opportunistic investments in distressed debt and equity recapitalization transactions.

During the third quarter of 2012, the Company changed the name of its capital markets business segment to the Credit segment. The Company believes this new name provides a more accurate description of the types of assets which are managed within this segment. In addition, this segment name change is consistent with the Company s management reporting and organizational structure as well as the manner in which resource deployment and compensation decisions are made.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and instructions to Form 10-Q. The condensed consolidated financial statements and these notes are unaudited and exclude some of the disclosures required in annual financial statements. Management believes it has made all necessary adjustments (consisting of only normal recurring items) so that the condensed consolidated financial statements are presented fairly and that estimates made in preparing its condensed consolidated financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. The condensed consolidated financial statements include the accounts of the Company, its wholly-owned or majority-owned subsidiaries, the consolidated entities which are considered to be variable interest entities and for which the Company is considered the primary beneficiary, and certain entities which are not considered variable interest entities but which the Company controls through a majority voting interest. Intercompany accounts and transactions have been eliminated upon consolidation. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2011 included in the Company s Annual Report on Form 10-K filed with the SEC.

Reorganization of the Company

The Company was formed as a Delaware limited liability company on July 3, 2007 and completed a reorganization of its predecessor businesses on July 13, 2007 (the 2007 Reorganization). The Company is managed and operated by its manager, AGM Management, LLC, which in turn is indirectly wholly-owned and controlled by Leon Black, Joshua Harris and Marc Rowan (the Managing Partners).

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As of September 30, 2012, the Company owned, through three intermediate holding companies that include APO Corp., a Delaware corporation that is a domestic corporation for U.S. Federal income tax purposes, APO Asset Co., LLC (APO Asset), a Delaware limited liability company that is a disregarded entity for U.S. Federal income tax purposes, and APO (FC), LLC (APO (FC)), an Anguilla limited liability company that is treated as a corporation for U.S Federal income tax purposes (collectively, the Intermediate Holding Companies), 35.1% of the economic interests of, and operated and controlled all of the businesses and affairs of, the Apollo Operating Group through its wholly-owned general partners.

AP Professional Holdings, L.P., a Cayman Islands exempted limited partnership (Holdings), is the entity through which the Managing Partners and certain of the Company s other partners (the Contributing Partners) indirectly own (through Holdings) Apollo Operating Group units (AOG Units) that represent 64.9% of the economic interests in the Apollo Operating Group as of September 30, 2012. The Company consolidates the financial results of the Apollo Operating Group and its consolidated subsidiaries. Holdings ownership interest in the Apollo Operating Group is reflected as a Non-Controlling Interest in the accompanying condensed consolidated financial statements.

Apollo also entered into an exchange agreement with Holdings that allows the partners in Holdings, subject to the vesting and minimum retained ownership requirements and transfer restrictions set forth in the partnership agreements of the Apollo Operating Group, to exchange their AOG Units for the Company s Class A shares on a one-for-one basis up to four times each year, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. A limited partner must exchange one partnership unit in each of the ten Apollo Operating Group partnerships to affect an exchange for one Class A share.

Initial Public Offering On April 4, 2011, the Company completed the initial public offering (IPO) of its Class A shares, representing limited liability company interests of the Company. AGM received net proceeds from the initial public offering of approximately $382.5 million, which were used to acquire additional AOG Units. As a result, Holdings ownership interest in the Apollo Operating Group decreased from 70.7% to 66.5% and the Company s ownership interest increased from 29.3% to 33.5%. As such, the difference between the fair value of the consideration paid for the Apollo Operating Group level ownership interest and the book value on the date of the IPO is reflected in additional paid in capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation Apollo consolidates those entities it controls through a majority voting interest or through other means, including those funds in which the general partner is presumed to have control (e.g., AP Alternative Assets, L.P., a Guernsey limited partnership that, through AAA Investments L.P., its investment partnership, generally invests alongside certain of the Company s private equity funds and directly in certain of its credit funds and in other transactions that the Company sponsors and manages (AAA) and the Apollo Credit Senior Loan Fund, L.P. (Apollo Senior Loan Fund)). Apollo also consolidates entities that are VIEs for which Apollo is the primary beneficiary. Under the amended consolidation rules, an enterprise is determined to be the primary beneficiary if it holds a controlling financial interest. A controlling financial interest is defined as (a) the power to direct the activities of a VIE that most significantly impact the entity s business and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE.

Certain of the Company s subsidiaries hold equity interests in and/or receive fees qualifying as variable interests from the funds that the Company manages. The amended consolidation rules require an analysis to determine whether (a) an entity in which Apollo holds a variable interest is a VIE and (b) Apollo s involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests (e.g., carried interest and management fees), would give it a controlling financial interest. When the VIE has qualified for the deferral of the amended consolidation rules in accordance with U.S. GAAP, the analysis is based on previous consolidation rules, which require an analysis to determine whether (a) an entity in which Apollo holds a variable interest is a VIE and (b) Apollo s involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests (e.g., carried interest and management fees), would be expected to absorb a majority of the variability of the entity.

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Under both the previous and amended consolidation rules, the determination of whether an entity in which Apollo holds a variable interest is a VIE requires judgments which include determining whether the equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support, evaluating whether the equity holders, as a group, can make decisions that have a significant effect on the success of the entity, determining whether two or more parties equity interests should be aggregated, and determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive returns from an entity. Under both the previous and amended consolidation rules, Apollo determines whether it is the primary beneficiary of a VIE at the time it becomes involved with a VIE and reconsiders that conclusion continuously. The consolidation analysis can generally be performed qualitatively. However, if it is not readily apparent whether Apollo is the primary beneficiary, a quantitative expected losses and expected residual returns calculation will be performed. Investments and redemptions (either by Apollo, affiliates of Apollo or third parties) or amendments to the governing documents of the respective Apollo fund may affect an entity s status as a VIE or the determination of the primary beneficiary.

Apollo assesses whether it is the primary beneficiary and will consolidate or deconsolidate the entity accordingly. Performance of that assessment requires the exercise of judgment. Where the variable interests have qualified for the deferral, judgments are made in estimating cash flows in evaluating which member within the equity group absorbs a majority of the expected profits or losses of the VIE. Where the variable interests have not qualified for the deferral, judgments are made in determining whether a member in the equity group has a controlling financial interest including power to direct activities that most significantly impact the VIE s economic performance and rights to receive benefits or obligations to absorb losses that are potentially significant to the VIE. Under both guidelines, judgment is made in evaluating the nature of the relationships and activities of the parties involved in determining if there is a related-party group, and if so, which party within the related-party group is most closely associated with the VIE. The use of these judgments has a material impact to certain components of Apollo s condensed consolidated financial statements.

Assets and liability amounts of the consolidated VIEs are shown in separate sections within the condensed consolidated statements of financial condition as of September 30, 2012 and December 31, 2011.

Refer to additional disclosures regarding VIEs in note 5. Intercompany transactions and balances, if any, have been eliminated in consolidation.

Equity Method Investments For investments in entities over which the Company exercises significant influence but which do not meet the requirements for consolidation, the Company uses the equity method of accounting, whereby the Company records its share of the underlying income or loss of such entities. Income (loss) from equity method investments is recognized as part of other income (loss) in the condensed consolidated statements of operations. The carrying amounts of equity method investments are reflected in investments in the condensed consolidated statements of financial condition. As the underlying entities that the Company manages and invests in are, for U.S. GAAP purposes, primarily investment companies which reflect their investments at estimated fair value, the carrying value of the Company s equity method investments in such entities are at fair value.

Non-Controlling Interest 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 Interest in the condensed consolidated financial statements. The Non-Controlling Interests relating to Apollo primarily includes the 64.9% ownership interest in the Apollo Operating Group held by the Managing Partners and Contributing Partners through their limited partner interests in Holdings and other ownership interests in consolidated entities, which primarily consist of the approximate 97% ownership interest held by limited partners in AAA as of September 30, 2012. Non-Controlling Interests also include limited partner interests of Apollo managed funds in certain consolidated VIEs.

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Non-Controlling Interests are presented as a separate component of shareholders equity on the Company s condensed consolidated statements of financial condition; net income (loss) includes the net income (loss) attributed to the Non-Controlling Interest holders on the Company s condensed consolidated statements of operations; the primary components of Non-Controlling Interest are separately presented in the Company s condensed consolidated statements of changes in shareholders equity to clearly distinguish the interests in the Apollo Operating Group and other ownership interests in the consolidated entities; and profits and losses are allocated to Non-Controlling Interests in proportion to their ownership interests regardless of their basis.

Revenues Revenues are reported in three separate categories that include (i) advisory and transaction fees from affiliates, which relate to the investments of the funds and may include individual monitoring agreements with the portfolio companies and debt investment vehicles of the private equity funds and credit funds; (ii) management fees from affiliates, which are based on committed capital, invested capital, net asset value, gross assets or as otherwise defined in the respective agreements; and (iii) carried interest income (loss) from affiliates, which is normally based on the performance of the funds subject to preferred return.

Advisory and Transaction Fees from Affiliates Advisory and transaction fees, including directors fees are recognized when the underlying services rendered are substantially completed in accordance with the terms of the transaction and advisory agreements. Additionally, during the normal course of business, the Company incurs certain costs related to certain transactions that are not consummated (Broken Deal Costs). These costs (e.g. research costs, due diligence costs, professional fees, legal fees and other related items) are determined to be broken upon management s decision to no longer pursue the transaction. In accordance with the related fund agreement, in the event the deal is broken, all of the costs are reimbursed by the funds and then included in the calculation of the Management Fee Offset described below. If a deal is successfully completed, Apollo is reimbursed by the fund or fund s portfolio company of all costs incurred.

As a result of providing advisory services to certain private equity and credit portfolio companies, Apollo is generally entitled to receive fees for transactions related to the acquisition and disposition of portfolio companies as well as ongoing monitoring of portfolio company operations. The amounts due from portfolio companies are included in Due from Affiliates, which is discussed further in note 12. Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds may be subject to a reduction based on a certain percentage of such advisory and transaction fees, net of applicable broken deal costs (Management Fee Offset). Such amounts are presented as a reduction to Advisory and Transaction Fees from Affiliates in the condensed consolidated statements of operations.

Management Fees from Affiliates Management fees for private equity funds, real estate funds and certain credit funds are recognized in the period during which the related services are performed in accordance with the contractual terms of the related agreement, and are based upon (1) a percentage of the capital committed during the commitment period, and thereafter based on the remaining invested capital of unrealized investments, or (2) net asset value, gross assets or as otherwise defined in the respective agreements.

Carried Interest Income from Affiliates Apollo is entitled to an incentive return that can normally amount to as much as 20% of the total returns on funds capital, depending upon performance. Performance-based fees are assessed as a percentage of the investment performance of the funds. The carried interest income from affiliates for any period is based upon an assumed liquidation of the fund s net assets on the reporting date, and distribution of the net proceeds in accordance with the fund s income allocation provisions. Carried interest receivable is presented separately in the condensed consolidated statements of financial condition. The carried interest income from affiliates may be subject to reversal to the extent that the carried interest income recorded exceeds the amount due to the general partner based on a fund s cumulative investment returns. When applicable, the accrual for potential repayment of previously

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received carried interest income, which is a component of due to affiliates, represents all amounts previously distributed to the general partner that would need to be repaid to the Apollo funds if these funds were to be liquidated based on the current fair value of the underlying funds investments as of the reporting date. The actual general partner obligation, however, would not become payable or realized until the end of a fund s life.

Investments, at Fair Value The Company follows U.S. GAAP attributable to fair value measurements, which among other things, requires enhanced disclosures about investments that are measured and reported at fair value. Investments, at fair value, represent investments of the consolidated funds, investments of the consolidated VIEs and certain financial instruments for which the fair value option was elected. The unrealized gains and losses resulting from changes in the fair value are reflected as net gains (losses) from investment activities and net gains (losses) from investment activities of the consolidated variable interest entities, respectively, in the condensed consolidated statements of operations. In accordance with U.S. GAAP, investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivatives. As required by U.S. GAAP, the Company does not adjust the quoted price for these investments, even in situations where the Company holds a large position and the sale of such position would likely deviate from the quoted price.

Level II Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives where the fair value is based on observable inputs. These investments exhibit higher levels of liquid market observability as compared to Level III investments. The Company subjects broker quotes to various criteria in making the determination as to whether a particular investment would qualify for treatment as a Level II investment. These criteria include, but are not limited to, the number and quality of broker quotes, the standard deviation of obtained broker quotes, and the percentage deviation from independent pricing services.

Level III Pricing inputs are unobservable for the investment and includes situations where there is little observable market activity for the investment. The inputs into the determination of fair value may require significant management judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt and non-investment grade residual interests in securitizations and collateralized debt obligations where the fair value is based on observable inputs as well as unobservable inputs. When a security is valued based on broker quotes, the Company subjects those quotes to various criteria in making the determination as to whether a particular investment would qualify for treatment as a Level II or Level III investment. Some of the factors we consider include the number of broker quotes we obtain, the quality of the broker quotes, the standard deviations of the observed broker quotes and the corroboration of the broker quotes to independent pricing services.

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In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment when the fair value is based on unobservable inputs.

In cases where an investment or financial instrument that is measured and reported at fair value is transferred into or out of Level III of the fair value hierarchy, the Company accounts for the transfer as of the end of the reporting period.

Private Equity Investments

The value of liquid investments, where the primary market is an exchange (whether foreign or domestic) is determined using period end market prices. Such prices are generally based on the last sales price on the date of determination.

Valuation approaches used to estimate the fair value of investments that are less liquid include the income approach and the market approach. The income approach provides an indication of fair value based on the present value of cash flows that a business or security is expected to generate in the future. The most widely used methodology used in the income approach is a discounted cash flow method. Inherent in the discounted cash flow method are assumptions of expected results and a calculated discount rate. The market approach provides an indication of fair value based on a comparison of the subject company to comparable publicly traded companies and transactions in the industry. The market approach is driven more by current market conditions, actual trading levels of similar companies and actual transaction data of similar companies. Consideration may also be given to such factors as the Company s historical and projected financial data, valuations given to comparable companies, the size and scope of the Company s operations, the Company s strengths, weaknesses, expectations relating to the market s receptivity to an offering of the Company s securities, applicable restrictions on transfer, industry information and assumptions, general economic and market conditions and other factors deemed relevant. As part of management s process, the Company utilizes a valuation committee to review and approve the valuations. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

On a quarterly basis, Apollo utilizes a valuation committee consisting of members from senior management who review and approve the valuation results related to our private equity investments. Management also retains independent valuation firms to provide third-party valuation consulting services to Apollo, which consist of certain limited procedures that management identifies and requests them to perform. The limited procedures provided by the independent valuation firms assist management with validating their valuation results or determining fair value. Management performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analysis.

Credit Investments

The majority of the investments in Apollo s credit funds are valued using quoted market prices. Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value utilizing recognized pricing services, market participants or other sources. The credit funds also enter into foreign currency exchange contracts, credit default swap contracts, and other derivative contracts, which may include options, caps, collars and floors. Foreign currency exchange contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. If securities are held at the end of this period, the changes in value are recorded in income as unrealized. Realized gains or losses are recognized when contracts are settled. Credit default swap contracts are recorded at fair value as an asset or liability with changes in fair value recorded as unrealized appreciation or depreciation. Realized gains or losses are recognized at the termination of the contract based on the difference between the close-out price of the credit default contract and the original contract price.

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Forward contracts are valued based on market rates obtained from counterparties or prices obtained from recognized financial data service providers. When determining fair value pricing when no market value exists, the value attributed to an investment is based on the enterprise value at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation approaches used to estimate the fair value of illiquid investments included in Apollo s credit funds also may use the income approach or market approach. The valuation approaches used consider, as applicable, market risks, credit risks, counterparty risks and foreign currency risks.

On a quarterly basis, Apollo utilizes a sub-valuation committee consisting of members from senior management to review and approve the valuation results related to our credit investments. Management performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analysis.

Real Estate Investments For the CMBS portfolio of Apollo s funds, the estimated fair value is determined by reference to market prices provided by certain dealers who make a market in these financial instruments. Broker quotes are only indicative of fair value and may not necessarily represent what the funds would receive in an actual trade for the applicable instrument. Additionally, the loans held-for-investment are stated at the principal amount outstanding, net of deferred loan fees and costs for certain investments. For Apollo s opportunistic and value added real estate funds, valuations of non-marketable underlying investments are determined using methods that include, but are not limited to (i) discounted cash flow estimates or comparable analysis prepared internally, (ii) third party appraisals or valuations by qualified real estate appraisers, and (iii) contractual sales value of investments/properties subject to bona fide purchase contracts. Methods (i) and (ii) also incorporate consideration of the use of the income, cost, or sales comparison approaches of estimating property values.

On a quarterly basis, Apollo utilizes a sub-valuation committee consisting of members from senior management to review and approve the valuation results related to our real estate investments. Management performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analysis.

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Except for the Company s debt obligation related to the AMH Credit Agreement (as defined in note 9), Apollo s financial instruments are recorded at fair value or at amounts whose carrying value approximates fair value. See Investments, at Fair Value above. While Apollo s valuations of portfolio investments are based on assumptions that Apollo believes are reasonable under the circumstances, the actual realized gains or losses will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based. Other financial instruments carrying values generally approximate fair value because of the short-term nature of those instruments or variable interest rates related to the borrowings. As disclosed in note 9, the Company s long term debt obligation related to the AMH Credit Agreement is believed to have an estimated fair value of approximately $795.5 million based on a yield analysis using available market data of comparable securities with similar terms and remaining maturities. However, the carrying value that is recorded on the condensed consolidated statements of financial condition is the amount for which we expect to settle the long term debt obligation. The Company has determined that the long term debt obligation related to the AMH Credit Agreement would be categorized as a Level III liability in the fair-value hierarchy.

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Fair Value Option Apollo has elected the fair value option for the convertible notes issued by HFA and for the assets and liabilities of the consolidated VIEs. Such election is irrevocable and is applied to financial instruments on an individual basis at initial recognition. For the convertible notes issued by HFA, Apollo has elected to separately present interest income in the condensed consolidated statements of operations from other changes in the fair value of the convertible notes. Apollo has applied the fair value option for certain corporate loans, other investments and debt obligations held by the consolidated VIEs that otherwise would not have been carried at fair value. Refer to note 4 and note 5 for further disclosure on financial instruments of the consolidated VIEs and the investment in HFA for which the fair value option has been elected.

Financial Instruments held by Consolidated VIEs

The consolidated VIEs hold investments that are traded over-the-counter. Investments in securities that are traded on a securities exchange or comparable over-the-counter quotation systems are valued based on the last reported sale price at that date. If no sales of such investments are reported on such date, and in the case of over-the-counter securities or other investments for which the last sale date is not available, valuations are based on independent market quotations obtained from market participants, recognized pricing services or other sources deemed relevant, and the prices are based on the average of the bid and ask prices, or at ascertainable prices at the close of business on such day. Market quotations are generally based on valuation pricing models or market transactions of similar securities adjusted for security-specific factors such as relative capital structure priority and interest and yield risks, among other factors.

The consolidated VIEs also have debt obligations that are recorded at fair value. The valuation approach used to estimate the fair values of debt obligations is the discounted cash flow method, which includes consideration of the cash flows of the debt obligation based on projected quarterly interest payments and quarterly amortization. Debt obligations are discounted based on the appropriate yield curve given the loan s respective maturity and credit rating. Management uses its discretion and judgment in considering and appraising relevant factors for determining the valuations of its debt obligations.

Compensation and Benefits

Equity-Based Compensation Equity-based compensation is measured based on the grant date fair value of the award. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately. Equity-based employee awards that require future service are expensed over the relevant service period. The Company estimates forfeitures for equity-based awards that are not expected to vest. Equity-based awards granted to non-employees for services provided to the affiliates are remeasured to fair value at the end of each reporting period and expensed over the relevant service period.

Salaries, Bonus and Benefits Salaries, bonus and benefits includes base salaries, discretionary and non-discretionary bonuses, severance and employee benefits. Bonuses are accrued over the service period.

From time to time, the Company may assign profits interests received in lieu of management fees to certain investment professionals. Such assignments of profits interests are treated as compensation and benefits when assigned.

The Company sponsors a 401(k) Savings Plan whereby U.S.-based employees are entitled to participate in the plan based upon satisfying certain eligibility requirements. The Company may provide discretionary contributions from time to time. No contributions relating to this plan were made by the Company for the three and nine months ended September 30, 2012 and 2011, respectively.

Profit Sharing Expense Profit sharing expense consists of a portion of carried interest recognized in one or more funds allocated to employees and former employees. Profit sharing expense is recognized on an accrued basis as the related carried interest income is earned. Profit sharing expense can be reversed during periods when there is a decline in carried interest income that was previously recognized. Additionally, profit sharing expenses paid may be subject to clawback from employees, former employees and the Contributing Partners.

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Changes in the fair value of the contingent obligations that were recognized in connection with certain Apollo acquisitions will be reflected in the Company s condensed consolidated statements of operations as profit sharing expense.

In June 2011, the Company adopted a performance based incentive arrangement for certain Apollo partners and employees designed to more closely align compensation on an annual basis with the overall realized performance of the Company. This arrangement enables certain partners and employees to earn discretionary compensation based on carried interest realizations earned by the Company in a given year, which amounts are reflected in profit sharing expense in the accompanying condensed consolidated financial statements.

Incentive Fee Compensation Certain employees are entitled to receive a discretionary portion of incentive fee income from certain of our credit funds, based on performance for the period. Incentive fee compensation expense is recognized on an accrual basis as the related carried interest income is earned. Incentive fee compensation expense may be subject to reversal until the carried interest income crystallizes.

Other Income (Loss)

Net Gains (Losses) from Investment Activities Net gains (losses) from investment activities include both realized gains and losses and the change in unrealized gains and losses in the Company s investment portfolio between the opening balance sheet date and the closing balance sheet date. The condensed consolidated financial statements include the net realized and unrealized gains (losses) of investments at fair value.

Net Gains from Investment Activities of Consolidated Variable Interest Entities Changes in the fair value of the consolidated VIEs assets and liabilities and related interest, dividend and other income and expenses subsequent to consolidation are presented within net gains (losses) from investment activities of consolidated variable interest entities and are attributable to Non-Controlling Interests in the condensed consolidated statements of operations.

Other Income (Loss), Net. Other income, net includes the recognition of bargain purchase gains as a result of Apollo acquisitions, gains (losses) arising from the remeasurement of foreign currency denominated assets and liabilities of foreign subsidiaries, and other miscellaneous income and expenses.

Net Income (Loss) Per Class A Share U.S. GAAP requires use of the two-class method of computing earnings per share for all periods presented for each class of common stock and participating security as if all earnings for the period had been distributed. Under the two-class method, during periods of net income, the net income is first reduced for distributions declared on all classes of securities to arrive at undistributed earnings. During periods of net losses, the net loss is reduced for distributions declared on participating securities only if the security has the right to participate in the earnings of the entity and an objectively determinable contractual obligation to share in net losses of the entity.

The remaining earnings are allocated to common Class A Shares and participating securities to the extent that each security shares in earnings as if all of the earnings for the period had been distributed. Each total is then divided by the applicable number of shares to arrive at basic earnings per share. For the diluted earnings, the denominator includes all outstanding common shares and all potential common shares assumed issued if they are dilutive. The numerator is adjusted for any changes in income or loss that would result from a hypothetical conversion of these potential common shares.

Use of Estimates The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements, the disclosure of contingent assets and

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liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Apollo s most significant estimates include goodwill, intangible assets, income taxes, carried interest income from affiliates, contingent consideration obligations related to acquisitions, non-cash compensation and fair value of investments and debt in the consolidated and unconsolidated funds and VIEs. Actual results could differ materially from those estimates.

Recent Accounting Pronouncements

In December 2011, the FASB issued amended guidance which will enhance disclosures required by U.S. GAAP by requiring improved information about financial instruments and derivative instruments that are either (1) offset or (2) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset. This information will enable users of an entity s financial statements to evaluate the effect or potential effect of netting arrangements on an entity s financial position, including the effect or potential effect of rights of setoff associated with certain financial instruments and derivative instruments. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The Company is in the process of evaluating the impact that this guidance will have on its condensed consolidated financial statements.

In July 2012, the FASB issued amended guidance related to testing indefinite-lived intangible assets, other than goodwill, for impairment. Under the revised guidance, entities have the option to first assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If an entity determines, on the basis of qualitative factors, that the fair value of the indefinite-lived intangible asset is more likely than not to be less than the carrying amount, then the entity must perform the quantitative impairment test; otherwise, further testing would not be required. The amendments are effective for all entities for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of this guidance is not expected to have an impact on the Company s condensed consolidated financial statements.

3. ACQUISITIONS AND BUSINESS COMBINATIONS

Business Combinations

Stone Tower

On April 2, 2012 (the Acquisition Date), the Company completed its previously announced acquisition (the Acquisition) of the membership interests of Stone Tower Capital LLC and its related management companies (Stone Tower), a leading alternative credit manager. The Acquisition was consummated by the Company for total consideration at fair value of approximately $237.2 million. The transaction added significant scale and several new credit product capabilities and increased the Assets Under Management of the credit segment.

Consideration exchanged at closing included a payment of approximately $105.5 million, which the Company funded from its existing cash resources, and equity granted to the former owners of Stone Tower with grant date fair value of $14.0 million valued using the Company s closing stock price on April 2, 2012 of $14.40. Additionally, the Company will also make payments to the former owners of Stone Tower under a contingent consideration obligation which requires the Company to transfer cash to the former owners of Stone Tower based on a specified percentage of carried interest income. The contingent consideration obligation has an Acquisition Date fair value of approximately $117.7 million, which was determined based on the present value of the estimated range of undiscounted carried interest income cash flows of approximately $139.4 million using a discount rate of 9.5%, and is reflected in profit sharing payable in the condensed consolidated statements of financial condition.

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As a result of the Acquisition, the Company incurred $4.6 million in acquisition costs, of which $2.8 million was incurred in the nine months ended September 30, 2012.

Tangible assets acquired in the Acquisition consisted of management and carried interest receivable and other assets. Intangible assets acquired consisted primarily of certain management contracts providing economic rights to management fees, senior fees, subordinate fees, and carried interest from existing CLOs, funds and separately managed accounts managed by Stone Tower.

The Company has performed an analysis and an evaluation of the net assets acquired and liabilities assumed. The estimated fair value of the assets acquired exceeded the estimated fair value of the liabilities assumed as of the Acquisition Date resulting in a bargain purchase gain of approximately $1,951.1 million. The bargain purchase gain is reflected in other income, net within the condensed consolidated statements of operations with corresponding amounts reflected as components of appropriated partners capital within the condensed consolidated statements of changes in shareholders equity. The estimated fair values for the net assets acquired and liabilities assumed are summarized in the following table:

Tangible Assets:	
Cash	$ 6,310
Carried Interest Receivable	36,097
Due from Affiliates	1,642
Other Assets	2,492
Total assets of consolidated variable interest entities	10,136,869
Intangible Assets:	
Management Fees Contracts	9,658
Senior Fees Contracts	568
Subordinate Fees Contracts	2,023
Carried Interest Contracts	85,071
Non-Compete Covenants	200
Fair Value of Assets Acquired	10,280,930
Liabilities Assumed:	
Accounts payable and accrued expenses	3,570
Due to Affiliates	4,410
Other Liabilities	8,979
Total liabilities of consolidated variable interest entities	7,815,434
Fair Value of Liabilities Assumed	7,832,393
Fair Value of Net Assets Acquired	2,448,537
Less: Net assets attributable to Non-Controlling Interests in consolidated entities	260,203
Less: Fair Value of Consideration Transferred	237,201
Gain on Acquisition	$ 1,951,133

The bargain purchase gain was recorded in other income, net in the condensed consolidated statements of operations. During the one year measurement period, any changes resulting from facts and circumstances that existed as of the Acquisition Date will be reflected as a retrospective adjustment to the bargain purchase gain and the respective asset acquired or liability assumed.

The Acquisition related intangible assets valuation and related amortization are as follows:

	Weighted Average Useful Life in Years	As of September 30, 2012
Management Fees contracts	2.2	$ 9,658
Senior Fees Contracts	2.4	568
Subordinate Fees Contracts	2.5	2,023
Carried Interest Contracts	3.7	85,071
Non-Compete Covenants	2.0	200
Total Intangible Assets		97,520
Less: Accumulated amortization		(12,183)
Net Intangible Assets		$ 85,337

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The results of operations of the acquired business since the Acquisition Date included in the Company s condensed consolidated statements of operations for the period from April 2, 2012 to September 30, 2012 and for the three months ended September 30, 2012 were as follows:

	For the Three Months Ended September 30, 2012	For the Period from April 2, 2012 to September 30, 2012
Total Revenues	$ 24,176	$ 35,709
Net Income Attributable to Non-Controlling Interest	$ (49,520)	$ (1,936,240)
Net Income Attributable to Apollo Global Management, LLC	$ 7,128	$ 12,771

Unaudited Supplemental Pro Forma Information

Unaudited supplemental pro forma results of operations of the combined entity for the nine months ended September 30, 2012 assuming the Acquisition had occurred as of January 1, 2012 are presented below. There were no pro forma impacts during the three months ended September 30, 2012. This pro forma information has been prepared for comparative purposes only and is not intended to be indicative of what the Company s results would have been had the Acquisition been completed on January 1, 2012, nor does it purport to be indicative of any future results.

	For the Nine Months Ended September 30, 2012
Total Revenues	$ 1,715,094
Net Income Attributable to Non-Controlling Interest	$ (2,298,862)
Net Income Attributable to Apollo Global Management, LLC	$ 154,915
Net Income per Class A Share:	
Net Income per Class A Share Basic and Diluted	$ 1.05
Weighted Average Number of Class A Shares Basic	126,909,962
Weighted Average Number of Class A Shares Diluted	129,309,716

The nine months supplemental pro forma earnings include an adjustment to exclude $5.5 million of compensation expense not expected to recur due to termination of certain contractual arrangements as part of the closing of the Acquisition.

Intangible Assets

Intangible assets, net consists of the following:

	September 30, 2012	December 31, 2011
Finite-lived intangible assets	$ 240,020	$ 141,000
Accumulated amortization	(88,593)	(59,154)
Intangible assets, net	$ 151,427	$ 81,846

Amortization expense related to intangible assets was $29.4 million and $11.3 million for the nine months ended September 30, 2012 and 2011, respectively and $13.8 million and $3.6 million for the three months ended September 30, 2012 and 2011, respectively.

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Expected amortization of these intangible assets for each of the next 5 years and thereafter is as follows:

	Remaining 2012	2013	2014	2015	2016	There-After	Total
Amortization of intangible assets	$ 13,571	$ 41,351	$ 36,246	$ 33,714	$ 7,881	$ 18,664	$ 151,427

4. INVESTMENTS

The following table represents Apollo s investments:

	September 30, 2012	December 31, 2011
Investments, at fair value	$ 1,604,011	$ 1,552,122
Other investments	421,231	305,343
Total Investments	$ 2,025,242	$ 1,857,465

Investments at Fair Value

Investments at fair value consist of financial instruments held by AAA, investments held by the Apollo Senior Loan Fund, the Company s investment in HFA and other investments held by the Company at fair value. As of September 30, 2012 and December 31, 2011, the net assets of the consolidated funds (excluding VIEs) were $1,559.7 million and $1,505.5 million, respectively. The following investments, except the investment in HFA and other investments, are presented as a percentage of net assets of the consolidated funds:

Investments, at Fair Value	September 30, 2012					December 31, 2011				
	Fair Value				% of Net Assets of Consolidated Funds	Fair Value				% of Net Assets of Consolidated Funds
Affiliates	Private Equity	Credit	Total	Cost		Private Equity	Credit	Total	Cost	
Investments held by:										
AAA	$ 1,534,801	$	$ 1,534,801	$ 1,561,154	98.4%	$ 1,480,152	$	$ 1,480,152	$ 1,662,999	98.4%
Investments held by Apollo Senior Loan Fund		26,243	26,243	25,881	1.6		24,213	24,213	24,569	1.6
HFA		41,461	41,461	56,998	N/A		46,678	46,678	54,628	N/A
Other Investments	1,506		1,506	3,497	N/A	1,079		1,079	2,881	N/A
Total	$ 1,536,307	$ 67,704	$ 1,604,011	$ 1,647,530	100.0%	$ 1,481,231	$ 70,891	$ 1,552,122	$ 1,745,077	100.0%

Securities

At September 30, 2012 and December 31, 2011, the sole investment held by AAA was its investment in AAA Investments, L.P. (AAA Investments), which is measured based on AAA s share of net asset value of AAA Investments. The following tables represent each investment of AAA Investments constituting more than five percent of the net assets of the funds that the Company consolidates (excluding VIEs) as of the aforementioned dates:

	September 30, 2012
Instrument Type	Cost

			Fair Value	% of Net Assets of Consolidated Funds
Apollo Life Re Ltd.	Equity	$ 358,241	$ 480,500	30.8%
Apollo Strategic Value Offshore Fund, Ltd.	Investment Fund	93,000	150,382	9.6
Rexnord Corporation	Equity	37,461	142,467	9.1
NCL Corporation	Equity	98,906	115,600	7.4
Berry Plastics, Inc.	Equity	9,947	103,800	6.7

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		December 31, 2011		
	Instrument Type	Cost	Fair Value	% of Net Assets of Consolidated Funds
Apollo Life Re Ltd.	Equity	$ 358,241	$ 430,800	28.6%
Apollo Strategic Value Offshore Fund, Ltd.	Investment Fund	105,889	164,811	10.9
Rexnord Corporation	Equity	37,461	139,100	9.2
LeverageSource, L.P.	Equity	139,913	102,834	6.8
Apollo Asia Opportunity Offshore Fund, Ltd.	Investment Fund	88,166	86,329	5.7
Momentive Performance Materials Holdings, Inc.	Equity	80,657	85,300	5.7

Apollo Strategic Value Offshore Fund, Ltd. (the Apollo Strategic Value Fund) has an ownership interest in a special purpose vehicle, Apollo VIF/SVF Bradco LLC, which owns interests in Bradco Supply Corporation. AAA Investments share of this investment is valued at $91.0 million and $80.9 million at September 30, 2012 and December 31, 2011, respectively. At September 30, 2012 and December 31, 2011, AAA Investments combined share of this investment was greater than 5.0% of the net assets of the consolidated funds. In addition to the AAA Investments private equity co-investment in Momentive Performance Materials Holdings Inc. (Momentive) noted above, AAA Investments had an ownership interest in the debt of Momentive. AAA Investments combined share of these debt and equity investments is greater than 5% of the net assets of the consolidated funds and is valued at $85.9 million at December 31, 2011.

The Apollo Strategic Value Fund primarily invests in the securities of leveraged companies in North America and Europe through three core strategies: distressed investments, value-driven investments and special opportunities. In connection with the redemptions requested by AAA Investments of its investment in the Apollo Strategic Value Fund, the remainder of AAA Investments investment in the Apollo Strategic Value Fund was converted into liquidating shares issued by the Apollo Strategic Value Fund. The liquidating shares were initially allocated a pro rata portion of each of the Apollo Strategic Value Fund s existing investments and liabilities, and as those investments are sold, AAA Investments is allocated the proceeds from such disposition less its proportionate share of any current expenses incurred by the Apollo Strategic Value Fund.

During the first quarter of 2012, the general partner of the Apollo Asia Opportunity Offshore Fund, Ltd. (the Apollo Asia Opportunity Fund) determined that it was in the best interests of the limited partners in the Apollo Asia Opportunity Fund to wind down the fund and begin making distributions to investors as investments are liquidated. The remainder of the investment in the Apollo Asia Opportunity Fund is currently expected to be distributed as the less liquid investments are realized, with the final liquidation expected to occur in 2013, although the actual timing of the realizations may differ substantially from this estimate.

Apollo Life Re Ltd. is an Apollo-sponsored vehicle that owns the majority of the equity of Athene Holding Ltd. (Athene), the parent of Athene Life Re Ltd., a Bermuda-based reinsurance company focused on the life reinsurance sector, Athene Annuity & Life Assurance Company (formerly Liberty Life Insurance Company), a Delaware-domiciled stock life insurance company focused on retail sales and reinsurance in the retirement services market, Investors Insurance Corporation, a Delaware-domiciled stock life insurance company focused on the retirement services market and Athene Life Insurance Company, an Indiana-domiciled stock life insurance company focused on the institutional guaranteed investment contract (GIC) backed note and funding agreement markets.

Apollo Senior Loan Fund

On December 31, 2011, the Company invested $26.0 million in the Apollo Senior Loan Fund. As a result, the Company became the sole investor in the fund and therefore consolidated the assets and liabilities of the fund. The fund invests in U.S. denominated senior secured loans, senior secured bonds and other income generating fixed-income investments. At least 90% of the Apollo Senior Loan Fund s

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portfolio of investments must consist of senior secured, floating rate loans or cash or cash equivalents. Up to 10% of the Apollo Senior Loan Fund s portfolio may consist of non-first lien fixed income investments and other income generating fixed income investments, including but not limited to senior secured bonds. The Apollo Senior Loan Fund may not purchase assets rated (tranche rating) at B3 or lower by Moody s, or equivalent rating by another nationally recognized rating agency.

The Company has classified the instruments associated with the Apollo Senior Loan Fund investment as Level II and Level III investments. All Level II and Level III investments of the Apollo Senior Loan Fund were valued using broker quotes.

HFA

On March 7, 2011, the Company invested $52.1 million (including expenses related to the purchase) in a convertible note with an aggregate principal amount of $50.0 million and received 20,833,333 stock options issued by HFA, an Australian based specialist global funds management company.

The terms of the convertible note allow the Company to convert the note, in whole or in part, into common shares of HFA at an exchange rate equal to the principal plus accrued payment-in-kind interest (or PIK interest) divided by US$0.98 at any time, and convey participation rights, on an as-converted basis, in any dividends declared in excess of $6.0 million per annum, as well as seniority rights over HFA common equity holders. Unless previously converted, repurchased or cancelled, the note will be converted on the eighth anniversary of its issuance on March 11, 2019. Additionally, the note has a percentage coupon interest of 6% per annum, paid via principal capitalization (PIK interest) for the first four years, and thereafter either in cash or via principal capitalization at HFA s discretion. The PIK interest provides for the Company to receive additional common shares of HFA if the note is converted. The Company has elected the fair value option for the convertible note. The convertible note is valued using an if-converted basis , which is based on a hypothetical exit through conversion to common equity (for which quoted price exists) as of the valuation date. The Company separately presents interest income in the condensed consolidated statements of operations from other changes in the fair value of the convertible note. For the three and nine months ended September 30, 2012, the Company recorded $0.8 million and $2.4 million, respectively, in PIK interest income included in interest income in the condensed consolidated statements of operations. The terms of the stock options allow for the Company to acquire 20,833,333 fully paid ordinary shares of HFA at an exercise price in Australian Dollars (A$) of A$8.00 (exchange rate of A$1.00 to $1.04 as of September 30, 2012) per stock option. The stock options became exercisable upon issuance and expire on the eighth anniversary of the issuance date. The stock options are accounted for as a derivative and are valued at their fair value under U.S. GAAP at each balance sheet date. As a result, for the nine months ended September 30, 2012 and 2011, the Company recorded an unrealized loss of approximately $(7.6) million and $(13.3) million, respectively, related to the convertible note and stock options within net gains from investment activities in the condensed consolidated statements of operations. For the three months ended September 30, 2012 and 2011, the Company recorded an unrealized gains of approximately $2.1 million and an unrealized loss of $(33.4) million, respectively, related to the convertible note and stock options within net gains from investment activities in the condensed consolidated statements of operations.

The Company has classified the instruments associated with the HFA investment as Level III investments.

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Net Gains (Losses) from Investment Activities

Net gains (losses) from investment activities in the condensed consolidated statements of operations include net realized gains from sales of investments, and the change in net unrealized gains resulting from changes in fair value of the consolidated funds investments and realization of previously unrealized gains. Additionally net gains from investment activities include changes in the fair value of the investment in HFA and other investments held at fair value. The following tables present Apollo s net gains from investment activities for the three and nine months ended September 30, 2012 and 2011:

	For the Three Months Ended September 30, 2012		
	Private Equity	Credit	Total
Realized gains on sales of investments	$	$ 106	$ 106
Change in net unrealized gains due to changes in fair values	17,951	2,406	20,357
Net gains from Investment Activities	$ 17,951	$ 2,512	$ 20,463

	For the Three Months Ended September 30, 2011		
	Private Equity	Credit	Total
Change in net unrealized losses due to changes in fair value	$ (338,277)	$ (33,370)	$ (371,647)
Net Losses from Investment Activities	$ (338,277)	$ (33,370)	$ (371,647)

	For the Nine Months Ended September 30, 2012		
	Private Equity	Credit	Total
Realized gains on sales of investments	$	$ 242	$ 242
Change in net unrealized gains (losses) due to changes in fair values	156,494	(6,779)	149,715
Net Gains (Losses) from Investment Activities	$ 156,494	$ (6,537)	$ 149,957

	For the Nine Months Ended September 30, 2011		
	Private Equity	Credit	Total
Change in net unrealized losses due to changes in fair value	$ (137,098)	$ (13,309)	$ (150,407)
Net Losses from Investment Activities	$ (137,098)	$ (13,309)	$ (150,407)

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Other Investments

Other Investments primarily consist of equity method investments. Apollo s share of operating income (loss) generated by these investments is recorded within income (loss) from equity method investments in the condensed consolidated statements of operations.

The following table presents income (loss) from equity method investments for the three and nine months ended September 30, 2012 and 2011:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Investments:				
Private Equity Funds:				
AAA Investments	$ 14	$ (185)	$ 97	$ (66)
Apollo Investment Fund IV, L.P. (Fund IV)		(1)	(2)	11
Apollo Investment Fund V, L.P. (Fund V)	(13)	(16)	16	1
Apollo Investment Fund VI, L.P. (Fund VI)	(63)	(996)	2,485	1,900
Apollo Investment Fund VII, L.P. (Fund VII)	24,243	(28,646)	47,466	(14,981)
Apollo Natural Resources Partners, L.P. (ANRP)	153	(101)	327	(101)
Credit Funds:				
Apollo Special Opportunities Managed Account, L.P. (SOMA)	233	(1,024)	899	(882)
Apollo Value Investment Fund, L.P. (VIF)	5	(28)	20	(24)
Apollo Strategic Value Fund, L.P. (SVF)	3	(21)	15	(18)
Apollo Credit Liquidity Fund, L.P. (ACLF)	1,659	(3,360)	3,625	(2,864)
Apollo/Artus Investors 2007-I, L.P. (Artus)	318	(535)	609	(166)
Apollo Credit Opportunity Fund I, L.P. (COF I)	8,633	(13,851)	15,801	(9,491)
Apollo Credit Opportunity Fund II, L.P. (COF II)	1,455	(3,574)	4,410	(2,636)
Apollo European Principal Finance Fund, L.P. (EPF I)	1,795	(1,461)	2,589	1,402
Apollo Investment Europe II, L.P. (AIE II)	804	(1,558)	1,307	(148)
Apollo Palmetto Strategic Partnership, L.P. (Palmetto)	553	(962)	1,102	(441)
Apollo Senior Floating Rate Fund, Inc. (AFT)	9		20	
Apollo Residential Mortgage, Inc. (AMTG)	(103)[1]		452[1]	
Apollo European Credit, L.P. (AEC)	90		117	
Apollo European Strategic Investment L.P. (AESI)	242		404	
Apollo Centre Street Partnership, L.P. (ACSP)	386		319	
Apollo Investment Corporation (AINV)	(336)		(336)	
Apollo European Principal Finance Fund II, L.P. (EPF II)	241		557	
Apollo SK Strategic Investments, L.P.	5		5	
Real Estate:				
Apollo Commercial Real Estate Finance, Inc. (ARI)	299[1]	212[2]	815[1]	524[2]
AGRE U.S. Real Estate Fund, L.P.	(38)		(124)	
CPI Capital Partners NA Fund	2	4	(29)	85
CPI Capital Partners Asia Pacific Fund	13	18	50	32
Apollo GSS Holding (Cayman), L.P.	(36)		(36)	
Other Equity Method Investments:				
VC Holdings, L.P. Series A (Vantium A/B)		(554)	(306)	(1,860)
VC Holdings, L.P. Series C (Vantium C)	270	244	137	464
VC Holdings, L.P. Series D (Vantium D)	(57)	(43)	375	17
Other			5	
Total Income (Loss) from Equity Method Investments	$ 40,779	$ (56,438)	$ 83,191	$ (29,242)

(1) Amounts are as of June 30, 2012.
(2) Amounts are as of June 30, 2011.

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Other investments as of September 30, 2012 and December 31, 2011 consisted of the following:

	Equity Held as of			
	September 30, 2012	% of Ownership	December 31, 2011	% of Ownership
Investments:				
Private Equity Funds:				
AAA Investments	$ 901	0.058%	$ 859	0.057%
Fund IV	9	0.014	15	0.010
Fund V	169	0.014	202	0.014
Fund VI	10,010	0.095	7,752	0.082
Fund VII	179,646	1.311	139,765	1.318
ANRP	2,517	1.291	1,982	2.544
Credit Funds:				
SOMA	5,945	0.585	5,051	0.525
VIF	142	0.085	122	0.081
SVF	138	0.061	123	0.059
ACLF	14,390	2.473	14,449	2.465
Artus	5,780	6.156	6,009	6.156
COF I	46,839	1.930	37,806	1.977
COF II	21,475	1.440	22,979	1.472
EPF I	19,388	1.363	14,423	1.363
AIE II	9,076	2.186	7,845	2.076
Palmetto	12,677	1.186	10,739	1.186
AFT	103	0.034	84	0.034
Apollo/JH Loan Portfolio, L.P.			100	0.189
AMTG[3]	4,052[1]	0.805[1]	4,000[2]	1.850[2]
AEC	1,301	0.975	542	1.053
AESI	2,825	1.041	1,704	1.035
ACSP	4,956	2.458		
AINV	49,664	2.895		
EPF II	3,736	2.178		
Apollo SK Strategic Investments, L.P.	511	0.989		
APC	30	0.062		
Real Estate:				
ARI[3]	11,750[1]	2.729[1]	11,288[2]	2.730[2]
AGRE U.S. Real Estate Fund, L.P.	3,206	1.845	5,884	2.065
CPI Capital Partners NA Fund	442	0.334	564	0.344
CPI Capital Partners Europe Fund	5	0.001	5	0.001
CPI Capital Partners Asia Pacific Fund	164	0.039	256	0.039
Apollo GSS Holding (Cayman), L.P.	2,134	5.409		
Other Equity Method Investments:				
Vantium A/B	54	6.450	359	6.450
Vantium C	5,437	2.071	6,944	2.300
Vantium D	1,720	6.345	1,345	6.300
Portfolio Company Holdings		N/A[4]	2,147	N/A[4]
Other	39			
Total Other Investments	$ 421,231		$ 305,343	

(1) Amounts are as of June 30, 2012.
(2) Amounts are as of September 30, 2011.
(3)

Investment value includes the fair value of RSUs granted to the Company as of the grant date. These amounts are not considered in the percentage of ownership until the RSUs are vested, at which point the RSUs are converted to common stock and delivered to the Company.

(4) Ownership percentages are not presented for these equity method investments in our portfolio companies as we only present ownership percentages for the funds in which we are the general partner. All equity method investments were sold during the three months ended September 30, 2012.

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As of September 30, 2012 and December 31, 2011 and for the nine months ended September 30, 2012 and 2011, no single equity method investee held by Apollo exceeded 20% of its total consolidated assets or income. As such, Apollo is not required to present summarized income statement information for any of its equity method investees.

Fair Value Measurements

The following table summarizes the valuation of Apollo s investments in fair value hierarchy levels as of September 30, 2012 and December 31, 2011:

	Level I		Level II		Level III		Totals	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Assets, at fair value:								
Investment in AAA Investments, L.P.	$	$	$	$	$ 1,534,801	$ 1,480,152	$ 1,534,801	$ 1,480,152
Investments held by Apollo Senior Loan Fund			24,387	23,757	1,856	456	26,243	24,213
Investments in HFA and Other					42,967	47,757	42,967	47,757
Total	$	$	$ 24,387	$ 23,757	$ 1,579,624	$ 1,528,365	$ 1,604,011	$ 1,552,122

	Level I		Level II		Level III		Totals	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Liabilities, at fair value:								
Interest rate swap agreements	$	$	$	$ 3,843	$	$	$	$ 3,843
Total	$	$	$	3,843	$	$	$	3,843

There was a transfer of investments from Level III into Level II as well as a transfer from Level II into Level III relating to investments held by the Apollo Senior Loan Fund during the three and nine months ended September 30, 2012, as a result of subjecting the broker quotes on these investments to various criteria which include the number and quality of broker quotes, the standard deviation of obtained broker quotes, and the percentage deviation from independent pricing services. There were no transfers between Level I, II or III during the three and nine months ended September 30, 2011 relating to assets and liabilities, at fair value, noted in the tables above.

The following table summarizes the changes in AAA Investments, which is measured at fair value and characterized as a Level III investment:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Balance, Beginning of Period	$ 1,516,899	$ 1,810,577	$ 1,480,152	$ 1,637,091
Purchases		125		432
Distributions	(50)	(1,522)	(101,845)	(29,522)
Change in unrealized gains (losses), net	17,952	(337,051)	156,494	(135,872)
Balance, End of Period	$ 1,534,801	$ 1,472,129	$ 1,534,801	$ 1,472,129

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The following table summarizes the changes in the investment in HFA and Other Investments, which are measured at fair value and characterized as Level III investments:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Balance, Beginning of Period	$ 87,839	$ 72,498	$ 47,757	$
Acquisition of consolidated fund			46,148	
Purchases	915	370	4,873	54,876
Deconsolidation[(1)]	(48,037)		(48,037)	
Change in unrealized gains (losses), net	2,250	(34,596)	(7,774)	(14,535)
Expenses incurred				(2,069)
Balance, End of Period	$ 42,967	$ 38,272	$ 42,967	$ 38,272

(1) During the third quarter of 2012, the Company deconsolidated GSS Holding (Cayman), L.P., which was consolidated by the Company during the second quarter of 2012.

The change in unrealized gains (losses), net has been recorded within the caption Net gains (losses) from investment activities in the condensed consolidated statements of operations.

The following table summarizes the changes in the Apollo Senior Loan Fund, which is measured at fair value and characterized as a Level III investment:

	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2012
Balance, Beginning of Period	$	$ 456
Purchases of investments	496	496
Sale of investments		(461)
Realized gains	7	16
Change in unrealized losses		(6)
Transfers out of Level III		(481)
Transfers into Level III	1,353	1,836
Balance, End of Period	$ 1,856	$ 1,856

The change in unrealized losses and realized gains have been recorded within the caption Net gains (losses) from investment activities in the condensed consolidated statements of operations.

The following table summarizes a look-through of the Company s Level III investments by valuation methodology of the underlying securities held by AAA Investments:

	Private Equity			
	September 30, 2012		December 31, 2011	
		% of Investment of AAA		% of Investment of AAA
Approximate values based on net asset value of the underlying funds, which are based on the funds underlying investments that are valued using the				

following:				
Comparable company and industry multiples	$ 529,288	32.7%	$ 749,374	44.6%
Discounted cash flow models	674,891	41.7	643,031	38.4
Listed quotes	199,290	12.3	139,833	8.3
Broker quotes	237,629	14.7	179,621	10.7
Other net liabilities[(1)]	(22,569)	(1.4)	(33,330)	(2.0)
Total Investments	1,618,529	100.0%	1,678,529	100.0%
Other net liabilities[(2)]	(83,728)		(198,377)	
Total Net Assets	$ 1,534,801		$ 1,480,152	

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(1) Balances include other assets and liabilities of certain funds in which AAA Investments has invested. Other assets and liabilities at the fund level primarily include cash and cash equivalents, broker receivables and payables and amounts due to and from affiliates. Carrying values approximate fair value for other assets and liabilities, and accordingly, extended valuation procedures are not required.

(2) Balances include other assets, liabilities and general partner interests of AAA Investments and are primarily comprised of $305.3 million and $402.5 million in long-term debt offset by cash and cash equivalents at the September 30, 2012 and December 31, 2011 balance sheet dates, respectively. Carrying values approximate fair value for other assets and liabilities and, accordingly, extended valuation procedures are not required.

The significant unobservable inputs used in the fair value measurement of the Level III investments are the comparable multiples and weighed average cost of capital rates applied in the valuation models for each investment. These inputs in isolation can cause significant increases or decreases in fair value. Specifically, the comparable multiples are generally multiplied by the underlying companies EBITDA to establish the total enterprise value of our portfolio company investments. The comparable multiple is determined based on the implied trading multiple of public industry peers. Similarly, when a discounted cash flow model is used to determine fair value, the significant input used in the valuation model is the discount rate applied to present value the projected cash flows. An increase in the discount rate can significantly lower the fair value of an investment; conversely a decrease in the discount rate can significantly increase the fair value of an investment. The discount rate is determined based on the weighted average cost of capital calculation that weights the cost of equity and the cost of debt based on comparable debt to equity ratios.

5. VARIABLE INTEREST ENTITIES

The Company consolidates entities that are VIEs for which the Company has been designated as the primary beneficiary. The purpose of such VIEs is to provide strategy-specific investment opportunities for investors in exchange for management and performance based fees. The investment strategies of the entities that the Company manages may vary by entity, however, the fundamental risks of such entities have similar characteristics, including loss of invested capital and the return of carried interest income previously distributed to the Company by certain private equity and credit entities. The nature of the Company s involvement with VIEs includes direct and indirect investments and fee arrangements. The Company does not provide performance guarantees and has no other financial obligations to provide funding to VIEs other than its own capital commitments. There is no recourse to the Company for the consolidated VIEs liabilities.

The assets and liabilities of the consolidated VIEs are comprised primarily of investments and debt, at fair value, and are included within assets and liabilities of consolidated variable interest entities, respectively, in the condensed consolidated statements of financial condition.

Consolidated Variable Interest Entities

In accordance with the methodology described in note 2, Apollo has twenty-nine consolidated VIEs as of September 30, 2012, of which six were consolidated in connection with the Company s October 2011 acquisition of Gulf Stream Asset Management, LLC (Gulf Stream) and fifteen were consolidated in connection with the Company s April 2012 acquisition of Stone Tower. Refer to note 3 for further discussion of the Stone Tower acquisition.

The majority of the consolidated VIEs were formed for the sole purpose of issuing collateralized notes to investors. The assets of these VIEs are primarily comprised of senior secured loans and the liabilities are primarily comprised of debt. Through its role as collateral manager of these VIEs, it was determined that Apollo had the power to direct the activities that most significantly impact the economic performance of these VIEs. Additionally, Apollo determined that the potential fees that it could receive directly and indirectly from these VIEs represent rights to returns that could potentially be significant to such VIEs. As a result, Apollo determined that it is the primary beneficiary and therefore should consolidate the VIEs.

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One of the consolidated VIEs was formed to purchase loans and bonds in a leveraged structure for the benefit of its limited partners, which included certain Apollo funds that contributed equity to the consolidated VIE. Through its role as general partner of this VIE, it was determined that Apollo had the characteristics of the power to direct the activities that most significantly impact the VIE s economic performance. Additionally, the Apollo funds have involvement with the VIE that have the characteristics of the right to receive benefits from the VIE that could potentially be significant to the VIE. As a group, the Company and its related parties have the characteristics of a controlling financial interest. Apollo determined that it is the party within the related party group that is most closely associated with the VIE and therefore should consolidate it.

The assets of these consolidated VIEs are not available to creditors of the Company. In addition, the investors in these consolidated VIEs have no recourse against the assets of the Company. The Company has elected the fair value option for financial instruments held by its consolidated VIEs, which includes investments in loans and corporate bonds, as well as debt obligations held by such consolidated VIEs. Other assets include amounts due from brokers and interest receivables. Other liabilities include payables for securities purchased, which represent open trades within the consolidated VIEs and primarily relate to corporate loans that are expected to settle within the next sixty days.

Fair Value Measurements

The following table summarizes the valuation of Apollo s consolidated VIEs in fair value hierarchy levels as of September 30, 2012 and December 31, 2011:

	Level I		Level II		Level III		Totals	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Investments, at fair value	$ 194	$	$ 11,002,938	$ 3,055,357	$ 1,087,540	$ 246,609	$ 12,090,672	$ 3,301,966

	Level I		Level II		Level III		Totals	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Liabilities, at fair value	$	$	$	$	$ 11,291,860	$ 3,189,837	$ 11,291,860	$ 3,189,837

Level III investments include corporate loan and corporate bond investments held by the consolidated VIEs, while the Level III liabilities consist of notes and loans, the valuations of which are discussed further in note 2. All Level II investments were valued using broker quotes. Transfers of investments out of Level III and into Level II or Level I, if any, are accounted for as of the end of the reporting period in which the transfer occurred.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment s level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following table summarizes the fair value transfers between Level I and Level II:

	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2012
Transfers from Level II into Level I[(1)]	$	$ 164

(1) Transfers into Level I represents those financial instruments for which an unadjusted quoted price in an active market became available for the identical asset.

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The following table summarizes the quantitative inputs and assumptions used for Investments, at fair value categorized as Level III in the fair value hierarchy as of September 30, 2012. The disclosure below excludes Level III Investments, at fair value as of September 30, 2012, for which the determination of fair value is based on broker quotes:

	Fair Value at September 30, 2012	Valuation Techniques	Unobservable Inputs	Ranges	Weighted Average
Financial Assets:					
Bank Debt Term Loans	49,127	Discounted Cash Flow Comparable Yields	Discount Rates	9.0%-15.4%	13.1%
Stocks	11,506	Market Comparable Companies	Comparable Multiples	6.5x-6.5x	6.5x
Total	**60,633**				

The significant unobservable inputs used in the fair value measurement of the bank debt term loans and stocks include the discount rate applied and the multiples applied in the valuation models. These unobservable inputs in isolation can cause significant increases (decreases) in fair value. Specifically, when a discounted cash flow model is used to determine fair value, the significant input used in the valuation model is the discount rate applied to present value the projected cash flows. Increases in the discount rate can significantly lower the fair value of an investment; conversely decreases in the discount rate can significantly increase the fair value of an investment. The discount rate is determined based on the market rates an investor would expect for a similar investment with similar risks. When a comparable multiple model is used to determine fair value, the comparable multiples are generally multiplied by the underlying companies EBITDA to establish the total enterprise value of the company. The comparable multiple is determined based on the implied trading multiple of public industry peers.

The following table summarizes the changes in investments of consolidated VIEs, which are measured at fair value and characterized as Level III investments:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Balance, Beginning of Period	$ 997,966	$ 272,991	$ 246,609	$ 170,369
Acquisition of VIEs			1,482,057	
Elimination of investments attributable to consolidated VIEs	(7,360)		(67,124)	
Purchases of investments	375,165	85,764	812,831	571,279
Sale of investments	(313,650)	(18,135)	(1,288,663)	(98,724)
Net realized (losses) gains	(20,342)	111	(19,150)	1,945
Net unrealized gains (losses)	1,224	(9,443)	3,439	(6,753)
Transfers out of Level III and into Level II	(309,843)	(274,795)	(656,273)	(673,776)
Transfers into Level III and out of Level II	364,380	17,669	573,814	109,822
Balance, End of Period	$ 1,087,540	$ 74,162	$ 1,087,540	$ 74,162
Changes in net unrealized gains (losses) included in Net Losses from Investment Activities of consolidated VIEs related to investments still held at reporting date	$ 5,305	$ (2,337)	$ 3,083	$ (1,886)

Investments were transferred out of Level III into Level II and into Level III out of Level II, respectively, as a result of subjecting the broker quotes on these investments to various criteria which include the number and quality of broker quotes, the standard deviation of obtained broker quotes, and the percentage deviation from independent pricing services.

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The following table summarizes the changes in liabilities of consolidated VIEs, which are measured at fair value and characterized as Level III liabilities:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Balance, Beginning of Period	$ 11,232,660	$ 1,174,568	$ 3,189,837	$ 1,127,180
Acquisition of VIEs (see note 3)			7,317,144	
Elimination of equity investments attributable to consolidated VIEs	(7,412)	1	(67,956)	5
Additions			929,532	454,356
Repayments	(187,453)		(433,587)	(412,057)
Net realized gains on debt				(41,819)
Net unrealized losses (gains) on debt	254,065	(37,643)	356,890	9,261
Balance, End of Period	$ 11,291,860	$ 1,136,926	$ 11,291,860	$ 1,136,926
Changes in net unrealized losses (gains) included in Net Losses from Investment Activities of consolidated VIEs related to liabilities still held at reporting date	$ 250,255	$ (37,643)	$ 340,278	$ (35,966)

Net Losses from Investment Activities of Consolidated Variable Interest Entities

The following table presents losses from investment activities of the consolidated VIEs for the three and nine months ended September 30, 2012 and 2011, respectively:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Net unrealized gains (losses) from investment activities	$ 130,921	$ (45,446)	$ 182,919	$ (20,256)
Net realized gains (losses) from investment activities	8,268	38	22,902	(12,581)
Net gains (losses) from investment activities	139,189	(45,408)	205,821	(32,837)
Net unrealized (losses) gains from debt	(254,065)	37,643	(356,890)	(9,261)
Net realized gains from debt				41,819
Net (losses) gains from debt	(254,065)	37,643	(356,890)	32,558
Interest and other income	178,528	14,831	395,388	39,779
Other expenses	(109,127)	(11,826)	(274,232)	(39,541)
Net Losses from Investment Activities of Consolidated VIEs	$ (45,475)	$ (4,760)	$ (29,913)	$ (41)

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Senior Secured Notes and Subordinated Notes Included within liabilities of consolidated VIEs debt, at fair value are amounts due to third-party institutions with respect to the consolidated VIEs. The following table summarizes the principal provisions of the debt of the consolidated VIEs as of September 30, 2012 and December 31, 2011:

	September 30, 2012			December 31, 2011		
	Principal Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years	Principal Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Senior Secured Notes[2][3]	$ 11,048,698	1.27%	7.3	$ 3,121,126	1.35%	8.9
Subordinated Notes[2][3]	1,022,404	N/A[1]	7.8	416,275	N/A[1]	8.8
	$ 12,071,102			$ 3,537,401		

(1) The subordinated notes do not have contractual interest rates but instead receive distributions from the excess cash flows of the VIEs.
(2) The fair value of Senior Secured and Subordinated Notes as of September 30, 2012 and December 31, 2011 was $11,292 million and $3,190 million, respectively.
(3) The debt at fair value of the consolidated VIEs is collateralized by assets of the consolidated VIEs and assets of one vehicle may not be used to satisfy the liabilities of another. As of September 30, 2012 and December 31, 2011, the fair value of the consolidated VIE assets was $14,048 million and $3,533 million, respectively. This collateral consisted of cash and cash equivalents, investments as fair value and other assets.

The following table summarizes the quantitative inputs and assumptions used for Liabilities, at fair value categorized as Level III in the fair value hierarchy as of September 30, 2012. The disclosure below excludes Level III Liabilities, at fair value as of September 30, 2012, for which the determination of fair value is based on broker quotes:

	As of September 30, 2012			
	Fair Value	Valuation Technique	Unobservable Input	Ranges
Subordinated Notes	**$ 196,024**	**Discounted Cash Flow**	Discount Rate Default Rate Recovery Rate	17.0% 17.0% 1.5% 4.0% 80.0% 80.0%
Senior Secured Notes	**$ 2,036,344**	**Discounted Cash Flow**	Discount Rate Default Rate Recovery Rate	2.26% 2.66% 2.0% 2.0% 64.0% 64.0%

The significant unobservable inputs used in the fair value measurement of the subordinated and senior secured notes include the discount rate applied in the valuation models, default and recovery rates applied in the valuation models. These inputs in isolation can cause significant increases (decreases) in fair value. Specifically, when a discounted cash flow model is used to determine fair value, the significant input used in the valuation model is the discount rate applied to present value the projected cash flows. Increases in the discount rate can significantly lower the fair value of subordinated and senior secured notes; conversely decrease in the discount rate can significantly increase the fair value of subordinated and senior secured notes. The discount rate is determined based on the market rates an investor would expect for a similar subordinated and senior secured notes with similar risks.

The consolidated VIEs have elected the fair value option to value the term loans and notes payable. The general partner uses its discretion and judgment in considering and appraising relevant factors in determining valuation of these loans. As of September 30, 2012, the debt, at fair value is classified as Level III liabilities. Because of the inherent uncertainty in the valuation of the debt, at fair value, which are not publicly traded, estimated values may differ significantly from the values that would have been reported had a ready market for such investments existed.

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The consolidated VIEs debt obligations contain various customary loan covenants. As of September 30, 2012, the Company was not aware of any instances of noncompliance with any of the covenants.

Variable Interest Entities Which are Not Consolidated

The Company holds variable interests in certain VIEs which are not consolidated, as it has been determined that Apollo is not the primary beneficiary.

The following tables present the carrying amounts of the assets and liabilities of the VIEs for which Apollo has concluded that it holds a significant variable interest, but that it is not the primary beneficiary. In addition, the tables present the maximum exposure to loss relating to those VIEs.

	September 30, 2012		
	Total Assets	Total Liabilities	Apollo Exposure
Private Equity	$ 14,029,504	$ (39,870)	$ 7,211
Credit	3,078,633	(192,459)	16,643
Real Estate	1,697,262	(1,263,823)	
Total	$ 18,805,399[1]	$ (1,496,152)[2]	$ 23,854[3]

(1) Consists of $229,025 in cash, $18,158,473 in investments and $417,901 in receivables.
(2) Represents $1,489,543 in debt and other payables, $3,815 in securities sold, not purchased, and $2,794 in capital withdrawals payable.
(3) Apollo s exposure is limited to its direct and indirect investments in those entities in which Apollo holds a significant variable interest.

	December 31, 2011		
	Total Assets	Total Liabilities	Apollo Exposure
Private Equity	$ 11,879,948	$ (146,374)	$ 8,753
Credit	3,274,288	(1,095,266)	11,305
Real Estate	2,216,870	(1,751,280)	
Total	$ 17,371,106[1]	$ (2,992,920)[2]	$ 20,058[3]

(1) Consists of $383,017 in cash, $16,507,142 in investments and $480,947 in receivables.
(2) Represents $2,874,394 in debt and other payables, $86,102 in securities sold, not purchased, and $32,424 in capital withdrawals payable.
(3) Apollo s exposure is limited to its direct and indirect investments in those entities in which Apollo holds a significant variable interest.

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At September 30, 2012, AAA Investments, the sole investment of AAA, invested in certain of the Company s unconsolidated VIEs, including LeverageSource, L.P. and AutumnLeaf, L.P. At September 30, 2012, the aggregate amount of such investments was $60.5 million. The Company s ownership interest in AAA was 2.63% at September 30, 2012.

At December 31, 2011, AAA Investments, the sole investment of AAA, invested in certain of the Company s unconsolidated VIEs, including LeverageSource, L.P. and AutumnLeaf, L.P. At December 31, 2011, the aggregate amount of such investments was $131.8 million. The Company s ownership interest in AAA was 2.45% at December 31, 2011.

6. CARRIED INTEREST RECEIVABLE

Carried interest receivable from private equity, credit and real estate funds consists of the following:

	September 30, 2012	December 31, 2011
Private equity	$ 1,169,295	$ 672,952
Credit	452,181	195,630
Real estate	6,460	
Total Carried Interest Receivable	$ 1,627,936	$ 868,582

The table below provides a roll-forward of the carried interest receivable balance for the nine months ended September 30, 2012:

	Private Equity	Credit	Real Estate	Total
Carried interest receivable, January 1, 2012	$ 672,952	$ 195,630	$	$ 868,582
Change in fair value of funds/subadvisory income[(1)]	889,214	351,235	10,738	1,251,187
Stone Tower acquisition (see note 3)		36,097		36,097
Fund cash distributions to the Company	(392,871)	(130,781)	(4,278)	(527,930)
Carried Interest Receivable, September 30, 2012[(2)]	$ 1,169,295	$ 452,181	$ 6,460	$ 1,627,936

(1) During the nine months ended September 30, 2012, the Company recorded a $94.9 million increase in the general partner obligation to return previously distributed carried interest income or fees relating to Fund VI and reversal of $14.2 million of the general partner obligation to return previously distributed carried interest income with respect to SOMA. Additionally, with respect to the Company s real estate business, the Company receives carried interest income from a subadvisory agreement.

(2) As of September 30, 2012, the Company had a general partner obligation to return previously distributed carried interest income of $170.2 million and $3.9 million relating to Fund VI and SOMA, respectively. The general partner obligation is recognized based upon a hypothetical liquidation of the fund as of September 30, 2012. The actual determination and any required payment of a general partner obligation would not take place until the final disposition of the fund s investments based on contractual termination of the fund.

The timing of the payment of carried interest due to the general partner or investment manager varies depending on the terms of the applicable fund agreements. Generally, carried interest with respect to the private equity funds is payable and is distributed to the fund s general partner upon realization of an investment if the fund s cumulative returns are in excess of the preferred return. For most credit funds, carried interest is payable based on realizations after the end of the relevant fund s fiscal year or fiscal quarter, subject to high watermark provisions.

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7. OTHER LIABILITIES

Other liabilities consist of the following:

	September 30, 2012	December 31, 2011
Deferred taxes	$ 15,592	$ 2,774
Deferred rent	15,020	14,798
Deferred payment related to acquisition	6,914	3,858
Unsettled trades and redemption payable	3,984	2,902
Interest rate swap agreements		3,843
Other	8,270	4,875
Total Other Liabilities	$ 49,780	$ 33,050

Interest Rate Swap Agreements The principal financial instruments used for cash flow hedging purposes are interest rate swaps. Apollo entered into interest rate swap agreements to manage its exposure to interest rate changes. The swaps effectively converted a portion of the Company s variable rate debt under the AMH Credit Agreement (discussed in note 9) to a fixed rate, without exchanging the notional principal amounts. Apollo entered into an interest rate swap agreement whereby Apollo received floating rate payments in exchange for fixed rate payments based on 5.175%, on the notional amount of $167.0 million, effectively converting a portion of its floating rate borrowings to a fixed rate. The interest rate swap expired in May 2012. Apollo had hedged only the risk related to changes in the benchmark interest rate (three month LIBOR). As of December 31, 2011, the Company has recorded a liability of $3.8 million to recognize the fair value of this derivative.

The Company has determined that the valuation of the interest rate swaps fall within Level II of the fair value hierarchy. The Company estimates the fair value of its interest rate swaps using discounted cash flow models, which project future cash flows based on the instruments contractual terms using market-based expectations for interest rates. The Company also includes a credit risk adjustment to the cash flow discount rate to incorporate the impact of non-performance risk in the recognized measure of the fair value of the swaps. This adjustment is based on the counterparty s credit risk when the swaps are in a net asset position and on the Company s own credit risk when the swaps are in a net liability position.

8. INCOME TAXES

The Company is treated as a partnership for tax purposes and is therefore not subject to U.S. Federal and state income taxes; however, APO Corp., a wholly-owned subsidiary of the Company, is subject to U.S. Federal corporate income taxes. In addition, certain subsidiaries of the Company are subject to New York City Unincorporated Business Tax (NYC UBT) attributable to the Company s operations apportioned to New York City and certain non-U.S. subsidiaries of the Company are subject to income taxes in their local jurisdictions. APO Corp. is required to file a standalone Federal corporate tax return, as well as filing standalone corporate state and local tax returns in California, New York and New York City. The Company s provision for income taxes is accounted for in accordance with U.S. GAAP.

The Company s (provision) benefit for income taxes totaled $(21.9) million and $19.8 million for the three months ended September 30, 2012 and 2011, respectively and $(47.1) million and $7.5 million for the nine months ended September 30, 2012 and 2011, respectively. The Company s effective tax rate was approximately 10.0% and 1.1% for the three months ended September 30, 2012 and 2011, respectively and 1.9% and 0.5% for the nine months ended September 30, 2012 and 2011, respectively.

Based upon the Company s review of its federal, state, local and foreign income tax returns and tax filing positions, the Company determined no unrecognized tax benefits for uncertain tax positions were required to be recorded. In addition, the Company does not believe that it has any tax positions for which it is reasonably possible that it will be required to record significant amounts of unrecognized tax benefits within the next twelve months.

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The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal and certain state, local and foreign tax authorities. With a few exceptions, as of September 30, 2012, Apollo and its predecessor entities U.S. federal, state, local and foreign income tax returns for the years 2009 through 2011 are open under the normal statute of limitations and therefore subject to examination.

9. DEBT

Debt consists of the following:

	September 30, 2012		December 31, 2011	
	Outstanding Balance	Annualized Weighted Average Interest Rate	Outstanding Balance	Annualized Weighted Average Interest Rate
AMH Credit Agreement	$ 728,273	5.20%(1)	$ 728,273	5.39%(1)
CIT secured loan agreement	9,713	3.48%	10,243	3.39%
Total Debt	$ 737,986	5.17%	$ 738,516	5.35%

(1) Includes the effect of interest rate swaps.

AMH Credit Agreement On April 20, 2007, Apollo Management Holdings, L.P. (AMH), a subsidiary of the Company which is a Delaware limited partnership and was as of September 30, 2012 owned by APO Corp. and Holdings, entered into a $1.0 billion seven year credit agreement (the AMH Credit Agreement). Interest payable under the AMH Credit Agreement may from time to time be based on Eurodollar (LIBOR) or Alternate Base Rate (ABR) as determined by the borrower. Through the use of interest rate swaps, AMH irrevocably elected three-month LIBOR for $167 million of the debt for five years from the closing date of the AMH Credit Agreement, which expired in May 2012. The remaining amount of the debt is computed currently based on three-month LIBOR. The interest rate of the Eurodollar loan, which was amended as discussed below, is the daily Eurodollar rate plus the applicable margin rate (3.75% for loans with extended maturity, as discussed below, and 1.00% for loans without the extended maturity as of September 30, 2012 and 3.75% for loans with extended maturity and 1.00% for loans without the extended maturity as of December 31, 2011). The interest rate on the ABR term loan, which was amended as discussed below, for any day, will be the greatest of (a) the prime rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus 0.5% and (c) the one-month Eurodollar Rate plus 1.00%, in each case plus the applicable margin. The AMH Credit Agreement originally had a maturity date of April 2014.

On December 20, 2010, Apollo amended the AMH Credit Agreement to extend the maturity date of $995.0 million (including the $90.9 million of fair value debt repurchased by the Company) of the term loans from April 20, 2014 to January 3, 2017 and modified certain other terms of the credit facility. Pursuant to this amendment, AMH or an affiliate was required to purchase from each lender that elected to extend the maturity date of its term loan a portion of such extended term loan equal to 20% thereof. In addition, AMH or an affiliate is required to repurchase at least $50.0 million aggregate principal amount of term loans by December 31, 2014 and at least $100.0 million aggregate principal amount of term loans (inclusive of the previously purchased $50.0 million) by December 31, 2015 at a price equal to par plus accrued interest. The sweep leverage ratio was also extended to end at the new loan term maturity date. The interest rate for the highest applicable margin for the loan portion extended changed to LIBOR plus 4.25% and ABR plus 3.25%. On December 20, 2010, an affiliate of AMH that is a guarantor under the AMH Credit Agreement repurchased approximately $180.8 million of term loans in connection with the extension of the maturity date of such loans and thus the AMH Credit Agreement (excluding the portions held by AMH affiliates) had a remaining balance of $728.3 million. The Company determined that the amendments to the AMH Credit Agreement resulted in a debt extinguishment which did not result in any gain or loss.

The interest rate on the $723.3 million, net ($995.0 million portion less amount repurchased by the Company) of the loan at September 30, 2012 was 4.19% and the interest rate on the remaining $5.0 million

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portion of the loan at September 30, 2012 was 1.44%. The estimated fair value of the Company s long-term debt obligation related to the AMH Credit Agreement is believed to be approximately $795.5 million based on a yield analysis using available market data of comparable securities with similar terms and remaining maturities. The $728.3 million carrying value of debt that is recorded on the condensed consolidated statements of financial condition at September 30, 2012 is the amount for which the Company expects to settle the AMH Credit Agreement.

As of September 30, 2012 and December 31, 2011, the AMH Credit Agreement was guaranteed by, and collateralized by, substantially all of the assets of 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 AMH, as well as cash proceeds from the sale of assets or similar recovery events and any cash deposited pursuant to the excess cash flow covenant, which will be deposited as cash collateral to the extent necessary as set forth in the AMH Credit Agreement. As of September 30, 2012, the consolidated net assets (deficit) of 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 AMH and their respective subsidiaries were $112.8 million, $78.9 million, $59.6 million, $226.4 million and $(872.2) million, respectively. As of December 31, 2011, the consolidated net assets (deficit) of 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 AMH and their respective subsidiaries were $56.6 million, $46.2 million, $50.1 million, $131.9 million and $(1,014.3) million, respectively.

In accordance with the AMH Credit Agreement as of September 30, 2012, 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 AMH and their respective subsidiaries were subject to certain negative and affirmative covenants. Among other things, the AMH Credit Agreement includes an excess cash flow covenant and an asset sales covenant. The AMH Credit Agreement does not contain any financial maintenance covenants.

If AMH s debt to EBITDA ratio (the Leverage Ratio) as of the end of any fiscal year exceeds the level set forth in the next sentence (the Excess Sweep Leverage Ratio), AMH must deposit in the cash collateral account the lesser of (a) 100% of its Excess Cash Flow (as defined in the AMH Credit Agreement) and (b) the amount necessary to reduce the Leverage Ratio on a pro forma basis as of the end of such fiscal year to 0.25 to 1.00 below the Excess Sweep Leverage Ratio. The Excess Sweep Leverage Ratio is: for 2012, 4.00 to 1.00; for 2013, 4.00 to 1.00; for 2014, 3.75 to 1.00; for 2015, 3.50 to 1.00; and thereafter, 3.50 to 1.00.

In addition, AMH must deposit the lesser of (a) 50% of any remaining Excess Cash Flow and (b) the amount required to reduce the Leverage Ratio on a pro forma basis at the end of each fiscal year to a level 0.25 to 1.00 below the Sweep Leverage Ratio (as defined in the next paragraph) for such fiscal year.

If AMH receives net cash proceeds from certain non-ordinary course asset sales, then such net cash proceeds shall be deposited in the cash collateral account as necessary to reduce its Leverage Ratio on a pro forma basis as of the last day of the most recently completed fiscal quarter (after giving effect to such non-ordinary course asset sale and such deposit) to (the following specified levels for the specified years, the Sweep Leverage Ratio) (i) for 2012 and 2013, a Leverage Ratio of 3.50 to 1.00, (ii) for 2014, a Leverage Ratio of 3.25 to 1.00, (iii) for all other years, a Leverage Ratio of 3.00 to 1.00.

The AMH Credit Agreement contains customary events of default, including events of default arising from non-payment, material misrepresentations, breaches of covenants, cross default to material indebtedness, bankruptcy and changes in control of AMH. As of September 30, 2012, the Company was not aware of any instances of non-compliance with the AMH Credit Agreement.

CIT Secured Loan Agreement During the second quarter of 2008, the Company entered into four secured loan agreements totaling $26.9 million with CIT Group/Equipment Financing Inc. (CIT) to finance the purchase of certain fixed assets. The loans bear interest at LIBOR plus 3.18% per annum with interest and principal to be repaid monthly and a balloon payment of the remaining principal totaling $9.4

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million due at the end of the terms in April 2013. At September 30, 2012, the interest rate was 3.41%. On April 28, 2011, the Company sold its ownership interest in certain assets which served as collateral to the CIT secured loan agreement for $11.3 million with $11.1 million of the proceeds going to CIT directly. As a result of the sale and an additional payment made by the Company of $1.1 million, the Company satisfied the loan associated with the related asset of $12.2 million on April 28, 2011. As of September 30, 2012, the carrying value of the remaining CIT secured loan is $9.7 million.

Apollo has determined that the carrying value of this debt approximates fair value as the loans are primarily variable rate in nature and would be categorized as a Level III liability in the fair value hierarchy.

10. NET INCOME PER CLASS A SHARE

U.S. GAAP requires use of the two-class method of computing earnings per share for all periods presented for each class of common stock and participating security as if all earnings for the period had been distributed. Under the two-class method, during periods of net income, the net income is first reduced for distributions declared on all classes of securities to arrive at undistributed earnings. During periods of net losses, the net loss is reduced for distributions declared on participating securities only if the security has the right to participate in the earnings of the entity and an objectively determinable contractual obligation to share in net losses of the entity.

The remaining earnings are allocated to common Class A Shares and participating securities to the extent that each security shares in earnings as if all of the earnings for the period had been distributed. Each total is then divided by the applicable number of shares to arrive at basic earnings per share. For the diluted earnings, the denominator includes all outstanding common shares and all potential common shares assumed issued if they are dilutive. The numerator is adjusted for any changes in income or loss that would result from the assumed conversion of these potential common shares.

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The table below presents basic and diluted net (loss) income per Class A share using the two-class method for the three and nine months ended September 30, 2012 and 2011:

	Basic and Diluted			
	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Numerator:				
Net income (loss) attributable to Apollo Global Management, LLC	$ 82,791	$ (466,926)	$ 139,448	$ (479,759)
Distributions declared on Class A shares	(31,170)[1]	(29,521)[2]	(120,865)[1]	(72,947)[2]
Distributions on participating securities	(5,316)	(5,080)	(21,814)	(13,044)
Earnings allocable to participating securities	(7,096)	[3]	[3]	[3]
Undistributed income (loss) Attributable to Class A Shareholders	$ 39,209	$ (501,527)	$ (3,231)	$ (565,750)
Denominator:				
Weighted average number of Class A shares outstanding	$ 128,980,438	$ 122,381,069	$ 126,909,962	$ 113,941,869
Net income per Class A share: Basic and Diluted[4]				
Distributable Earnings	$ 0.25	$ 0.24	$ 0.95	$ 0.64
Undistributed income (loss)	0.30	(4.10)	(0.02)	(4.97)
Net income (loss) per Class A share	$ 0.55	$ (3.86)	$ 0.93	$ (4.33)

(1) The Company declared a $0.46 distribution on Class A shares on February 10, 2012, a $0.25 distribution on May 8, 2012 and a $0.24 distribution on Class A shares on August 2, 2012.

(2) The Company declared a $0.17 distribution on Class A shares on January 4, 2011, a $0.22 distribution on Class A shares on May 12, 2011 and a $0.24 dividend on Class A shares on August 9, 2011.

(3) No allocation of losses was made to the participating securities as the holders do not have a contractual obligation to share in losses of the Company with the Class A shareholders.

(4) For the three and nine months ended September 30, 2012, AOG Units were determined to be anti-dilutive and unvested RSUs and share options were determined to be dilutive and were accordingly included in the diluted earnings per share calculation. The resulting diluted earnings per share amounts did not differ from the basic earnings per share calculation and therefore, basic and diluted net income per share is identical for all periods presented. For the three and nine months ended September 30, 2011, unvested RSUs, AOG Units and the share options were determined to be anti-dilutive. Therefore basic and diluted net loss per share is identical for all periods presented.

On October 24, 2007, the Company commenced the granting of restricted share units (RSUs) that provide the right to receive, upon vesting, Class A shares of Apollo Global Management, LLC, pursuant to the Company s 2007 Omnibus Equity Incentive Plan. Certain RSU grants to employees during 2010 and 2011 provide the right to receive distribution equivalents on vested RSUs on an equal basis any time a distribution is declared. The Company refers to these RSU grants as Plan Grants. For certain Plan Grants made before 2010, distribution equivalents are paid in January of the calendar year next following the calendar year in which a distribution on Class A shares was declared. In addition, certain RSU grants to employees in 2010 and 2011 (the Company refers to these as Bonus Grants) provide that both vested and unvested RSUs participate in distribution equivalents on an equal basis with the Class A shareholders any time a distribution is declared. As of September 30, 2012, approximately 18.4 million vested RSUs and 5.3 million unvested RSUs were eligible for participation in distribution equivalents.

Any distribution equivalent paid to an employee will not be returned to the Company upon forfeiture of the award by the employee. Vested and unvested RSUs that are entitled to non-forfeitable distribution equivalents qualify as participating securities and are included in the Company s basic and diluted earnings per share computations using the two-class method. The holder of an RSU participating security would have a

contractual obligation to share in the losses of the entity if the holder is obligated to fund the losses of the issuing entity or if the contractual principal or mandatory redemption amount of the participating security is reduced as a result of losses incurred by the issuing entity. Because the RSU

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participating securities do not have a mandatory redemption amount and the holders of the participating securities are not obligated to fund losses, neither the vested RSUs nor the unvested RSUs are subject to any contractual obligation to share in losses of the Company.

Holders of AOG Units are subject to the vesting requirements and transfer restrictions set forth in the agreements with the respective holders, and may up to four times each year (subject to the terms of the exchange agreement) exchange their AOG Units for Class A shares on a one-for-one basis. A limited partner must exchange one partnership unit in each of the ten Apollo Operating Group partnerships to affect an exchange for one Class A share. If fully converted, the result would be an additional 240,000,000 Class A shares added to the diluted earnings per share calculation.

Apollo has one Class B share outstanding, which is held by BRH Holdings GP, Ltd. The voting power of the Class B share is reduced on a one vote per one AOG Unit basis in the event of an exchange of AOG Units for Class A shares, as discussed above. The Class B share has no net (loss) income per share as it does not participate in Apollo s (losses) earnings or distributions. The Class B share has no distribution or liquidation rights. The Class B share has voting rights on a pari passu basis with the Class A shares. The Class B share currently has a super voting power of 240,000,000 votes.

The table below presents transactions in Class A shares during the nine months ended September 30, 2012 and the year ended December 31, 2011, and the resulting impact on the Company s and Holdings ownership interests in the Apollo Operating Group:

Date	Type of AGM Class A Shares Transaction	Number of Shares Issued (Repurchased/Cancelled) in AGM Class A Shares Transaction (in thousands)	AGM ownership% in AOG before AGM Class A Shares Transaction	AGM ownership% in AOG after AGM Class A Shares Transaction	Holdings ownership% in AOG before AGM Class A Shares Transaction	Holdings ownership% in AOG after AGM Class A Shares Transaction
January 8, 2011	Issuance	2	N/A[1]	N/A[1]	N/A[1]	N/A[1]
March 15, 2011	Issuance	1,548	29.0%	29.3%	71.0%	70.7%
April 4, 2011	Issuance	21,500	29.3%	33.5%	70.7%	66.5%
April 7, 2011	Issuance	750	33.5%	33.7%	66.5%	66.3%
July 11, 2011	Issuance	77	N/A[1]	N/A[1]	N/A[1]	N/A[1]
August 15, 2011	Issuance	1,191	33.7%	33.9%	66.3%	66.1%
October 10, 2011	Issuance	52	N/A[1]	N/A[1]	N/A[1]	N/A[1]
November 10, 2011	Issuance	1,011	33.9%	34.1%	66.1%	65.9%
November 22, 2011	Net Settlement	(130)	N/A[1]	N/A[1]	N/A[1]	N/A[1]
January 18, 2012	Issuance	394	34.1%	34.1%	65.9%	65.9%
February 13, 2012	Issuance	1,994	34.1%	34.5%	65.9%	65.5%
March 5, 2012	Issuance	50	N/A[1]	N/A[1]	N/A[1]	N/A[1]
April 3, 2012	Issuance	150	N/A[1]	N/A[1]	N/A[1]	N/A[1]
July 9, 2012	Issuance	1,452	34.5%	34.7%	65.5%	65.3%
August 6, 2012	Issuance	1,962	34.7%	35.1%	65.3%	64.9%

(1) Transaction did not have a material impact on ownership.

11. EQUITY-BASED COMPENSATION

AOG Units

The fair value of the AOG Units of approximately $5.6 billion is charged to compensation expense on a straight-line basis over the five or six year service period, as applicable. For the three and nine months ended September 30, 2012, $116.2 million and $348.5 million of compensation expense was recognized, respectively. For the three and nine months ended September 30, 2011, $258.2 million and $774.6 million of compensation expense was recognized, respectively. The estimated forfeiture rate was 3% for Contributing Partners and 0% for Managing Partners based on actual forfeitures as well as the Company s future forfeiture expectations. As of September 30, 2012, there was $160.8 million of total unrecognized compensation cost related to unvested AOG Units that are expected to vest over the next 12 months.

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The following table summarizes the activity of the AOG Units for the nine months ended September 30, 2012:

	Apollo Operating Group Units	Weighted Average Grant Date Fair Value
Balance at January 1, 2012	22,593,210	$ 22.64
Granted		
Forfeited		
Vested at September 30, 2012	(15,190,668)	22.94
Balance at September 30, 2012	7,402,542	$ 22.01

Units Expected to Vest As of September 30, 2012, approximately 7,297,000 AOG Units are expected to vest.

RSUs

On October 24, 2007, the Company commenced the granting of RSUs under the Company s 2007 Omnibus Equity Incentive Plan. These grants are accounted for as a grant of equity awards in accordance with U.S. GAAP. All grants after March 29, 2011 consider the public share price of the Company. For Plan Grants the fair value is based on grant date fair value, and are discounted for transfer restrictions and lack of distributions until vested. For Bonus Grants, the valuation methods consider transfer restrictions and timing of distributions. The total fair value is charged to compensation expense on a straight-line basis over the vesting period, which is generally up to 24 quarters (for Plan Grants) or annual vesting over three years (for Bonus Grants). During the nine months ended September 30, 2012, 2,564,351 RSUs were granted with a fair value of $30.3 million. Of these awards, 972,266 RSUs relate to awards granted as part of the Stone Tower acquisition that vested as of the acquisition date. The fair value of these granted awards is $14.0 million and was included in the fair value of consideration transferred for the Stone Tower acquisition. The fair value of these awards was not charged to compensation expense, but charged to additional paid in capital in the condensed consolidated statements of changes in shareholders equity. Refer to note 3 for further discussion of the Stone Tower acquisition. The actual forfeiture rate was 0.7% and 2.6% for the three and nine months ended September 30, 2012, respectively. For the nine months ended September 30, 2012 and 2011, $81.3 million and $78.6 million of compensation expense were recognized, respectively. For the three months ended September 30, 2012 and 2011, $26.3 million and $27.8 million of compensation expense was recognized, respectively.

Delivery of Class A Shares

During 2012 and 2011, the Company delivered Class A Shares for vested RSUs. The Company generally allows RSU participants to settle their tax liabilities with a reduction of their Class A share delivery from the originally granted and vested RSUs. The amount, when agreed to by the participant, results in a tax liability and a corresponding accumulated deficit adjustment. The adjustment for the nine months ended September 30, 2012 and 2011 was $26.0 million and $17.0 million, respectively, and is disclosed in the condensed consolidated statement of equity.

The delivery of RSUs does not cause a transfer of amounts in the condensed consolidated statements of changes in shareholders equity to the Class A Shareholders. The delivery of Class A Shares for vested RSUs causes the income allocated to the Non-Controlling Interests to shift to the Class A shareholders from the date of delivery forward. During the nine months ended September 30, 2012, the Company delivered 5,901,399 Class A Shares in settlement of vested RSUs, which caused the Company s ownership interest in the Apollo Operating Group to increase to 35.1% from 34.1%.

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The following table summarizes RSU activity for the nine months ended September 30, 2012:

	Unvested	Weighted Average Grant Date Fair Value	Vested	Total Number of RSUs Outstanding
Balance at January 1, 2012	20,480,773	$ 11.38	20,240,008	40,720,781
Granted	2,564,351	11.82		2,564,351
Forfeited	(573,750)	12.82		(573,750)
Delivered		11.69	(7,705,225)	(7,705,225)
Vested	(5,819,691)	12.01	5,819,691	
Balance at September 30, 2012	16,651,683	$ 11.18	18,354,474	35,006,157[1]

(1) Amount excludes RSUs which have vested and have been issued in the form of Class A shares.

Units Expected to Vest As of September 30, 2012, approximately 15,653,000 RSUs are expected to vest.

Share Options

Under the Company s 2007 Omnibus Equity Incentive Plan, 5,000,000 options were granted on December 2, 2010. These options vested and became exercisable with respect to 4/24 of the option shares on December 31, 2011 and the remainder vest in equal installments over each of the remaining 20 quarters with full vesting on December 31, 2016. In addition, 555,556 options were granted on January 22, 2011, 25,000 options were granted on April 9, 2011 and 50,000 options were granted on July 9, 2012. Of the options granted on January 22, 2011, half of such options that vested and became exercisable on December 31, 2011 were exercised on March 5, 2012 and the other half that were due to vest and become exercisable on December 31, 2012 were forfeited during the quarter ended March 31, 2012. The options granted on April 9, 2011 vested and became exercisable with respect to half of the options on December 31, 2011 and the other half vests in four equal quarterly installments starting on March 31, 2012 and ending on December 31, 2012. The options granted on July 9, 2012 will vest and become exercisable with respect to 4/24 of the option shares on June 30, 2012 and the remainder will vest in equal installments over each of the remaining 20 calendar quarters, with full vesting on June 30, 2018. For the three and nine months ended September 30, 2012, $1.2 million and $3.6 million of compensation expense was recognized as a result of option grants, respectively. For the three and nine months ended September 30, 2011, $1.6 million and $4.8 million of compensation was recognized as a result of these grants, respectively.

Apollo measures the fair value of each option award on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for options awarded during 2012 and 2011:

Assumptions:	2012	2011[2]
Risk-free interest rate	0.99%	2.79%
Weighted average expected dividend yield	9.29%	2.25%
Expected volatility factor[1]	45.00%	40.22%
Expected life in years	6.25	5.72
Fair value of options per share	$ 1.99	$ 8.44

(1) The Company determined its expected volatility based on comparable companies using daily stock prices.

(2) Represents weighted average of 2011 grants.

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The following table summarizes the share option activity for the nine months ended September 30, 2012:

	Options Outstanding	Weighted Average Exercise Price	Aggregate Fair Value	Weighted Average Remaining Contractual Term
Balance at January 1, 2012	5,580,556	$ 8.14	$ 32,996	8.93
Granted	50,000	12.38	100	9.75
Exercised	(277,778)	9.00	(2,364)	
Forfeited	(277,778)	9.00	(2,364)	
Balance at September 30, 2012	5,075,000	8.09	$ 28,368	8.18
Exercisable at September 30, 2012	1,480,207	$ 8.15	$ 8,343	8.17

Units Expected to Vest As of September 30, 2012, approximately 3,379,000 options are expected to vest.

The expected life of the options granted represents the period of time that options are expected to be outstanding and is based on the contractual term of the option. Unamortized compensation cost related to unvested share options at September 30, 2012 was $18.8 million and is expected to be recognized over a weighted average period of 4.2 years.

AAA RDUs

Incentive units that provide the right to receive AAA restricted depositary units (RDUs) following vesting are granted periodically to employees of Apollo. These grants are accounted for as equity awards in accordance with U.S. GAAP. The incentive units granted to employees generally vest over three years. In contrast, the Company s Managing Partners and Contributing Partners have received distributions of fully-vested AAA RDUs. The fair value at the date of the grants is recognized on a straight-line basis over the vesting period (or upon grant in the case of fully vested AAA RDUs). The grant date fair value considers the public share price of AAA. Vested AAA RDUs can be converted into ordinary common units of AAA subject to applicable securities law restrictions. During the three and nine months ended September 30, 2012 and 2011, the actual forfeiture rate was 0%. For the nine months ended September 30, 2012 and 2011, $0.7 million and $0.4 million of compensation expense was recognized, respectively. For the three months ended September 30, 2012 and 2011, $0.3 million and $0.2 million of compensation expense was recognized, respectively.

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During the three and nine months ended September 30, 2012 and 2011, the Company delivered 60,702 and 389,785 RDUs, respectively, to individuals who had vested in these units. The deliveries in 2012 and 2011 resulted in a reduction of the accrued compensation liability of $0.5 million and $3.8 million, respectively, and the recognition of a net decrease of additional paid in capital in 2012 of $1.3 million and a net decrease in 2011 of $2.8 million, respectively. These amounts are presented in the condensed consolidated statements of changes in shareholders equity. There was $0.7 million and $0.5 million of liability for undelivered RDUs included in accrued compensation and benefits in the condensed consolidated statements of financial condition as of September 30, 2012 and December 31, 2011, respectively. The following table summarizes RDU activity for the nine months ended September 30, 2012:

	Unvested	Weighted Average Grant Date Fair Value	Vested	Total Number of RDUs Outstanding
Balance at January 1, 2012	196,653	$ 8.17	60,702	257,355
Granted	256,673	9.45		256,673
Forfeited				
Delivered		8.69	(60,702)	(60,702)
Vested				
Balance at September 30, 2012	453,326	$ 8.89		453,326

Units Expected to Vest As of September 30, 2012, approximately 426,000 RDUs are expected to vest.

The following table summarizes the activity of RDUs available for future grants:

	RDUs Available For Future Grants
Balance at January 1, 2012	1,947,837
Purchases	159,635
Granted	(449,753)[1]
Forfeited	
Balance at September 30, 2012	1,657,719

(1) During 2012, the Company delivered 193,080 RDUs to certain employees as part of AAA s carry reinvestment program. This resulted in a decrease in profit sharing payable of $1.2 million in the condensed consolidated statements of financial condition. No additional compensation expense was recognized.

Restricted Stock and Restricted Stock Unit Awards ARI

On September 29, 2009, 97,500 and 145,000 shares of ARI restricted stock were granted to the Company and certain of the Company s employees, respectively. Additionally, on December 31, 2009, 5,000 shares of ARI restricted stock were granted to an employee of the Company. The fair value of the Company and employee awards granted was $1.8 million and $2.7 million, respectively. These awards generally vest over three years or twelve quarters, with the first quarter vesting on January 1, 2010. On March 23, 2010, July 1, 2010 and July 21, 2010, 102,084, 5,000 and 16,875 shares of ARI restricted stock units (ARI RSUs), respectively, were granted to certain of the Company s employees. Pursuant to the March 23, 2010 and July 21, 2010 issuances, 102,084 and 16,875 shares of ARI restricted stock, respectively, were forfeited by the Company s employees. As the fair value of ARI RSUs was not greater than the forfeiture of the restricted stock, no additional value will be amortized. On April 1, 2011 and August 4, 2011, 5,000 and 152,750 ARI RSUs, respectively, were granted to certain of the Company s employees. On August 4, 2011, 156,000 ARI RSUs were granted to the Company. On December 28, 2011, the Company issued 45,587 ARI RSUs to certain of the Company s employees. On March 15, 2012, 20,000 ARI RSUs were granted to an employee of the Company. The awards

granted to the Company are accounted for as investments and deferred revenue in the condensed consolidated statements of financial condition. As these awards vest, the deferred revenue is recognized as management fees. The investment is

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accounted for using the equity method of accounting for awards granted to the Company and as a deferred compensation asset for the awards granted to employees. Compensation expense will be recognized on a straight line-basis over the vesting period for the awards granted to the employees. The Company recorded an asset and a liability upon receiving the awards on behalf of the Company s employees. The fair value of the awards to employees is based on the grant date fair value, which utilizes the public share price of ARI, less discounts for certain restrictions. The awards granted to the Company s employees are remeasured each period to reflect the fair value of the asset and liability and any changes in these values are recorded in the condensed consolidated statements of operations. For the nine months ended September 30, 2012 and 2011, $2.0 million and $1.5 million of management fees and $1.2 million and $0.8 million of compensation expense were recognized in the condensed consolidated statements of operations, respectively. For the three months ended September 30, 2012 and 2011, $0.8 million and $0.8 million of management fees and $0.5 million and $0.4 million of compensation expense were recognized in the condensed consolidated statements of operations, respectively. The actual forfeiture rate for unvested ARI restricted stock awards and ARI RSUs was 0% and 2% for the three and nine months ended September 30, 2012, respectively, and 0% for three and nine months ended September 30, 2011.

The following table summarizes activity for the ARI restricted stock awards and ARI RSUs that were granted to both the Company and certain of its employees for the nine months ended September 30, 2012:

	ARI Restricted Stock Unvested	ARI RSUs Unvested	Weighted Average Grant Date Fair Value	ARI RSUs Vested	Total Number of RSUs Outstanding
Balance at January 1, 2012	32,502	374,754	$ 15.12	73,542	448,296
Granted to employees of the Company		20,000	15.17		20,000
Granted to the Company					
Forfeited by employees of the Company		(5,522)	14.09		(5,522)
Vested awards of the employees of the Company		(74,667)	15.77	74,667	
Vested awards of the Company	(24,377)	(52,000)	16.01	52,000	
Balance at September 30, 2012	8,125	262,565	$ 14.71	200,209	462,774

Units Expected to Vest As of September 30, 2012, approximately 253,000 and 8,125 shares of ARI RSUs and ARI restricted stock, respectively, are expected to vest.

Restricted Stock Unit Awards Apollo Residential Mortgage, Inc. (AMTG)

On July 27, 2011, 18,750 and 11,250 AMTG restricted stock units (AMTG RSUs) were granted to the Company and certain of the Company s employees, respectively. On September 26, 2011, 875 AMTG RSUs were granted to certain employees of the Company. On June 30, 2012, 5,000 AMTG RSUs were granted to an employee of the Company with a fair value of $0.1 million. These awards vest over three years or twelve calendar quarters, with the first quarter vesting on October 1, 2011. On September 30, 2012, 5,000 AMTG RSUs were granted to an employee of the Company with the fair value of $0.1 million. The awards granted to the Company are accounted for as investments and deferred revenue in the condensed consolidated statements of financial condition. As these awards vest, the deferred revenue is recognized as management fees. The investment is accounted for using the equity method of accounting for awards granted to the Company and as a deferred compensation asset for the awards granted to employees. Compensation expense will be recognized on a straight line-basis over the vesting period for the awards granted to the employees. The Company recorded an asset and a liability upon receiving the awards on behalf of the Company s employees. The awards granted to the Company s employees are remeasured each period to reflect the fair value of the asset and liability and any changes in these values are recorded in the condensed consolidated statements of operations.

The fair value of the awards to employees is based on the grant date fair value, which utilizes the public share price of AMTG less discounts for certain restrictions. For the three and nine months ended

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September 30, 2012, $0.0 million and $0.1 million of management fees and $0.0 million and $0.1 million of compensation expense were recognized in the condensed consolidated statements of operations, respectively. For the three and nine months ended September 30, 2011, $0.1 million and $0.1 million of management fees and $0.0 million and $0.0 million of compensation expense were recognized in the condensed consolidated statement of operations, respectively. The actual forfeiture rate for AMTG RSUs was 0% for the three and nine months ended September 30, 2012. The actual forfeiture rate for AMTG RSUs was 0% for the three and nine months ended September 30, 2011, respectively.

The following table summarizes activity for the AMTG RSUs that were granted to both the Company and certain of its employees for the nine months ended September 30, 2012:

	AMTG RSUs Unvested	Weighted Average Grant Date Fair Value	Vested	Total Number of RSUs Outstanding
Balance at January 1, 2012	28,305	$ 17.56	2,570	30,875
Granted to employees of the Company	10,000	20.33		10,000
Vested awards of the employees of the Company	(3,033)	16.57	3,033	
Vested awards of the Company	(4,688)	18.20	4,688	
Balance at September 30, 2012	30,584	$ 18.47	10,291	40,875

Units Expected to Vest As of September 30, 2012, approximately 29,500 AMTG RSUs are expected to vest.

Equity-Based Compensation Allocation

Equity-based compensation is allocated based on ownership interests. Therefore, the amortization of the AOG Units is allocated to Shareholders Equity attributable to Apollo Global Management, LLC and the Non-Controlling Interests, which results in a difference in the amounts charged to equity-based compensation expense and the amounts credited to shareholders equity attributable to Apollo Global Management, LLC in the Company s condensed consolidated financial statements.

Below is a reconciliation of the equity-based compensation allocated to Apollo Global Management, LLC for the three months ended September 30, 2012:

	Total Amount	Non-Controlling Interest % in Apollo Operating Group	Allocated to Non-Controlling Interest in Apollo Operating Group[1]	Allocated to Apollo Global Management, LLC
AOG Units	$ 116,170	64.9%	$ 75,561	$ 40,609
RSUs and Share Options	27,456			27,456
ARI Restricted Stock Awards, ARI RSUs and AMTG RSUs	481	64.9	313	168
AAA RDUs	300	64.9	195	105
Total Equity-Based Compensation	$ 144,407		76,069	68,338
Less ARI Restricted Stock Awards, ARI RSUs and AMTG RSUs			(508)	(273)
Capital Increase Related to Equity-Based Compensation			$ 75,561	$ 68,065

(1) Calculated based on average ownership percentage for the period considering Class A share issuances during the period.

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Below is a reconciliation of the equity-based compensation allocated to Apollo Global Management, LLC for the nine months ended September 30, 2012:

	Total Amount	Non-Controlling Interest % in Apollo Operating Group	Allocated to Non-Controlling Interest in Apollo Operating Group[1]	Allocated to Apollo Global Management, LLC
AOG Units	$ 348,512	64.9%	$ 227,973	$ 120,539
RSUs and Share Options	84,831			84,831
ARI Restricted Stock Awards, ARI RSUs and AMTG RSUs	1,307	64.9	855	452
AAA RDUs	737	64.9	482	255
Total Equity-Based Compensation	$ 435,387		229,310	206,077
Less ARI Restricted Stock Awards, ARI RSUs and AMTG RSUs			(1,337)	(707)
Capital Increase Related to Equity-Based Compensation			$ 227,973	$ 205,370

(1) Calculated based on average ownership percentage for the period considering Class A share issuances during the period.

Below is a reconciliation of the equity-based compensation allocated to Apollo Global Management, LLC for the three months ended September 30, 2011:

	Total Amount	Non-Controlling Interest % in Apollo Operating Group	Allocated to Non-Controlling Interest in Apollo Operating Group[1]	Allocated to Apollo Global Management, LLC
AOG Units	$ 258,190	66.1%	$ 170,994	$ 87,196
RSUs and Share Options	29,451			29,451
ARI Restricted Stock Awards and ARI RSUs	414	66.1	273	141
AAA RDUs	153	66.1	100	53
Total Equity-Based Compensation	$ 288,208		171,367	116,841
Less AAA RDUs, ARI Restricted Stock Awards and ARI RSUs			(373)	(194)
Capital Increase Related to Equity-Based Compensation			$ 170,994	$ 116,647

(1) Calculated based on average ownership percentage for the period considering Class A share issuance during the period.

Below is a reconciliation of the equity-based compensation allocated to Apollo Global Management, LLC for the nine months ended September 30, 2011:

	Total Amount	Non-Controlling Interest % in Apollo Operating Group	Allocated to Non-Controlling Interest in Apollo Operating Group[1]	Allocated to Apollo Global Management, LLC
AOG Units	$ 774,572	66.1%	$ 525,910	$ 248,662
RSUs and Share Options	83,376			83,376
ARI Restricted Stock Awards, ARI RSUs and AMTG RSUs	848	66.1	561	287
AAA RDUs	377	66.1	249	128
Total Equity-Based Compensation	$ 859,173		526,720	332,453
Less AAA RDUs, ARI Restricted Stock Awards and ARI RSUs			(810)	(415)
Capital Increase Related to Equity-Based Compensation			$ 525,910	$ 332,038

(1) Calculated based on average ownership percentage for the period considering Class A share issuance during the period.

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12. RELATED PARTY TRANSACTIONS AND INTERESTS IN CONSOLIDATED ENTITIES

The Company typically facilitates the initial payment of certain operating costs incurred by the funds that it manages as well as their affiliates. These costs are normally reimbursed by such funds and are included in due from affiliates.

Due from affiliates and due to affiliates are comprised of the following:

	As of September 30, 2012	As of December 31, 2011
Due from Affiliates:		
Due from private equity funds	$ 20,316	$ 28,465
Due from portfolio companies	65,621	61,867
Management and advisory fees receivable from credit funds	62,428	23,545
Due from credit funds	40,591	15,822
Due from Contributing Partners, employees and former employees	66,295	30,353
Due from real estate funds	15,295	13,453
Other	1,864	3,235
Total Due from Affiliates	$ 272,410	$ 176,740
Due to Affiliates:		
Due to Managing Partners and Contributing Partners in connection with the tax receivable agreement	$ 445,934	$ 451,743
Due to private equity funds	190,015	86,500
Due to credit funds	6,042	18,817
Due to real estate funds	1,200	1,200
Distributions payable to employees	14,926	12,532
Other [(1)]		7,972
Total Due to Affiliates	$ 658,117	$ 578,764

(1) As of December 31, 2011, includes $4.7 million contingent consideration liability at fair value due to the former owners of Gulf Stream. Amounts are now presented in profit sharing payable as of September 30, 2012. See Note 13 Commitments and Contingencies.

Tax Receivable Agreement and Other

Subject to certain restrictions, each of the Managing Partners and Contributing Partners has the right to exchange their vested AOG Units for the Company s Class A shares. Certain Apollo Operating Group entities have made an election under Section 754 of the U.S. Internal Revenue Code, as amended, which will result in an adjustment to the tax basis of the assets owned by Apollo Operating Group at the time of the exchange. These exchanges will result in increases in tax deductions that will reduce the amount of tax that APO Corp. will otherwise be required to pay in the future. Additionally, the further acquisition of AOG Units from the Managing Partners and Contributing Partners also may result in increases in tax deductions and tax basis of assets that will further reduce the amount of tax that APO Corp. will otherwise be required to pay in the future.

APO Corp. entered into a tax receivable agreement (TRA) with the Managing Partners and Contributing Partners that provides for the payment to the Managing Partners and Contributing Partners of 85% of the amount of cash savings, if any, in U.S. Federal, state, local and foreign income taxes that APO Corp. would realize as a result of the increases in tax basis of assets that resulted from the Reorganization. If the Company does not make the required annual payment on a timely basis as outlined in the TRA, interest is accrued on the balance until the payment date. These payments are expected to occur approximately over the next 20 years. In connection with the amendment of the AMH partnership agreement in April of 2010, the tax receivable agreement was revised to reflect the Managing Partners agreement to defer 25% or $12.1 million of the required payments pursuant to the TRA that is attributable to the 2010 fiscal year for a period of four years until April 5, 2014.

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In April 2012, Apollo made a $5.8 million cash payment pursuant to the TRA resulting from the realized tax benefit for the 2011 tax year. Included in the payment was approximately $1.2 million and approximately $0.1 million of interest paid to the Managing Partners and Contributing Partners, respectively. Because distributions from the Apollo Operating Group are made pari passu to all unit holders, the TRA payment noted above resulted in an additional $11.0 million distribution to Holdings.

Due from Contributing Partners, Employees and Former Employees

The Company has accrued $54.5 million and $22.1 million in receivables as of September 30, 2012 and December 31, 2011, respectively from the Contributing Partners and certain employees and former employees of Fund VI for the potential return of carried interest income that would be due if the private equity fund were liquidated at the balance sheet date. In addition, there was a $6.6 million and $6.5 million, receivable as of September 30, 2012 and December 31, 2011, respectively, from the Contributing Partners and certain employees associated with a credit agreement with Fund VI as described below in Due to Private Equity Funds.

Management Fee Waiver and Notional Investment Program

Apollo has forgone a portion of management fee revenue that it would have been entitled to receive in cash and instead received profits interests and assigned these profits interests to employees and partners. The amount of management fees waived and related compensation expense amounted to $4.9 million and $4.1 million for the three months ended September 30, 2012 and 2011, respectively, and $18.5 million and $19.5 million for the nine months ended September 30, 2012 and 2011, respectively.

Distributions

In addition to other distributions such as TRA payments, the table below presents information regarding the quarterly distributions which were made at the sole discretion of the manager of the Company during 2011 and 2012 (in millions, except per share amounts):

Distributions Declaration Date	Distributions per Class A Share Amount	Distributions Payment Date	Distributions to AGM Class A Shareholders	Distributions to Non-Controlling Interest Holders in the Apollo Operating Group	Total Distributions from Apollo Operating Group	Distribution Equivalents on Participating Securities
January 4, 2011	0.17	January 14, 2011	$ 16.6	$ 40.8	$ 57.4	$ 3.3
May 12, 2011	0.22	June 1, 2011	26.8	52.8	79.6	4.7
August 9, 2011	0.24	August 29, 2011	29.5	57.6	87.1	5.1
November 3, 2011	0.20	December 2, 2011	24.8	48.0	72.8	4.3
February 12, 2012	0.46	February 29, 2012	58.1	110.4	168.5	10.3
May 8, 2012	0.25	May 30, 2012	31.6	60.0	91.6	6.2
August 2, 2012	0.24	August 31, 2012	31.2	57.6	88.8	5.3

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Indemnity

Carried interest income from certain funds that the Company manages can be distributed to us on a current basis, but is subject to repayment by the subsidiary of the Apollo Operating Group that acts as general partner of the fund in the event that certain specified return thresholds are not ultimately achieved. The Managing Partners, Contributing Partners and certain other investment professionals have personally guaranteed, subject to certain limitations, the obligation of these subsidiaries in respect of this general partner obligation. Such guarantees are several and not joint and are limited to a particular Managing Partner s or Contributing Partner s distributions. An existing shareholders agreement includes clauses that indemnify each of the Company s Managing Partners and certain Contributing Partners against all amounts that they pay pursuant to any of these personal guarantees in favor of certain funds that the Company manages (including costs and expenses related to investigating the basis for or objecting to any claims made in respect of the guarantees) for all interests that the Company s Managing Partners and Contributing Partners have contributed or sold to the Apollo Operating Group.

Accordingly, in the event that the Company s Managing Partners, Contributing Partners and certain investment professionals are required to pay amounts in connection with a general partner obligation for the return of previously made distributions, we will be obligated to reimburse the Company s Managing Partners and certain Contributing Partners for the indemnifiable percentage of amounts that they are required to pay even though we did not receive the certain distribution to which that general partner obligation related.

Due to Private Equity Funds

On June 30, 2008, the Company entered into a credit agreement with Fund VI, pursuant to which Fund VI advanced $18.9 million of carried interest income to the limited partners of Apollo Advisors VI, L.P., who are also employees of the Company. The loan obligation accrues interest at an annual fixed rate of 3.45% and terminates on the earlier of June 30, 2017 or the termination of Fund VI. In March 2011, a right of offset for the indemnified portion of the loan obligation was established between the Company and Fund VI, therefore the loan was reduced in the amount of $10.9 million, which is offset in carried interest receivable on the condensed consolidated statements of financial condition. At December 31, 2011, the total outstanding loan aggregated $9.0 million, including accrued interest of $1.0 million, which approximated fair value, of which approximately $6.5 million was not subject to the indemnity discussed above and is a receivable from the Contributing Partners and certain employees. During the three and nine months ended September 30, 2012, respectively, there was no interest paid. During the three and nine months ended September 30, 2012, there was $0.1 million and $0.2 million accrued interest on the outstanding loan obligation, respectively. As of September 30, 2012, the total outstanding loan aggregated $9.2 million, including accrued interest of $1.2 million which approximated fair value, of which approximately $6.6 million was not subject to the indemnity discussed above and is a receivable from the Contributing Partners and certain employees.

In addition, assuming Fund VI is liquidated on the balance sheet date, the Company has also accrued a liability to Fund VI of $170.2 million and $75.3 million at September 30, 2012 and December 31, 2011, respectively, in connection with the potential general partner obligation to return carried interest income that was previously distributed from Fund VI. Of this amount, approximately $54.5 million and $22.1 million is a receivable from Contributing Partners, employees and former employees at September 30, 2012 and December 31, 2011, respectively.

Due to Credit Funds

In connection with the Gulf Stream acquisition during October 2011, the Company will also make payments to the former owners of Gulf Stream under a contingent consideration obligation which requires the Company to transfer cash to the former owners of Gulf Stream based on a specified percentage of incentive fee revenue. Additionally the Company has deferred a payment obligation to the former owners. This obligation was $3.9 million at date of acquisition and is required to be paid in December 2012. The contingent consideration liability had a fair value of approximately $4.7 million as of October 24, 2011 (the

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date of acquisition) and $14.0 million as of September 30, 2012. As of September 30, 2012, the former owner is no longer an employee of Apollo therefore the contingent consideration is reported within profit sharing payable in the condensed consolidated statements of financial condition.

Similar to the private equity funds, certain credit funds allocate carried interest income to the Company. As of December 31, 2011, the Company had accrued a liability to SOMA of $18.1 million in connection with the potential general partner obligation to return previously distributed carried interest income from SOMA. This amount decreased by $14.2 million during the nine months ended September 30, 2012. As such, there was a general partner obligation to return previously distributed carried interest income of $3.9 million accrued as of September 30, 2012.

Due to Real Estate Funds

In connection with the acquisition of Citi Property Investors (CPI) during November 2010, Apollo has a contingent liability to Citigroup Inc. based on a specified percentage of future earnings from the date of acquisition through December 31, 2012. The estimated fair value of the contingent liability was $1.2 million as of September 30, 2012 and December 31, 2011, respectively, which was determined based on discounted cash flows from the date of acquisition through December 31, 2012 using a discount rate of 7%.

Regulated Entities

During 2011, the Company formed Apollo Global Securities, LLC (AGS), which is a registered broker dealer with the SEC and is a member of the Financial Industry Regulatory Authority, or FINRA , subject to the minimum net capital requirements of the SEC. AGS is in compliance with the requirements at September 30, 2012. From time to time, this entity is involved in transactions with affiliates of Apollo, including portfolio companies of the funds we manage, whereby AGS earns underwriting and transaction fees for its services.

The Company also has an entity based in London which is subject to the capital requirements of the U.K. Financial Services Authority. This entity has continuously operated in excess of these regulatory capital requirements.

All of the investment advisors of the Apollo funds are affiliates of certain subsidiaries of the Company that are registered as investment advisors with the SEC. Registered investment advisors are subject to the requirements and regulations of the Investment Advisers Act of 1940, as amended.

Due to Strategic Investor/Strategic Relationship Agreement

On April 20, 2010, the Company announced that it entered into a strategic relationship agreement with the California Public Employees Retirement System (CalPERS). The strategic relationship agreement provides that Apollo will reduce fees charged to CalPERS on funds it manages, or in the future will manage, solely for CalPERS by $125 million over a five-year period or as close a period as required to provide CalPERS with that benefit. The agreement further provides that Apollo will not use a placement agent in connection with securing any future capital commitments from CalPERS.

Other

From time to time, the Company enters into sublease arrangements with certain affiliated entities. All such arrangements are entered into at the market prices at the date of the arrangement.

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Interests in Consolidated Entities

The table below presents equity interests in Apollo s consolidated, but not wholly-owned, subsidiaries and funds.

Non-Controlling Interests reflected in the condensed consolidated statements consist of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in thousands)			
AAA[1]	$ (16,325)	$ 329,649	$ (148,765)	$ 134,347
Interest in management companies and a co-investment vehicle[2]	(2,693)	(4,149)	(4,893)	(9,383)
Other consolidated entities	32,049	194	38,941	(14,156)
Net loss (income) attributable to Non-Controlling Interests in consolidated entities	13,031	325,694	(114,717)	110,808
Net (income) loss attributable to Appropriated Partners Capital[3]	59,240	4,566	(1,873,413)	14,197
Net loss (income) attributable to Non-Controlling Interests in the Apollo Operating Group	(187,276)	946,757	(335,836)	992,719
Net (income) loss attributable to Non-Controlling Interests	(115,005)	1,277,017	(2,323,966)	1,117,724
Net income (loss) attributable to Appropriated Partners Capital[4]	(59,240)	(4,566)	1,873,413	(14,197)
Other Comprehensive Income attributable to Non-Controlling Interests		(1,427)	(2,010)	(3,826)
Comprehensive Loss (Income) Attributable to Non-Controlling Interests	$ (174,245)	$ 1,271,024	$ (452,563)	$ 1,099,701

(1) Reflects the Non-Controlling Interests in the net income of AAA and is calculated based on the Non-Controlling Interests ownership percentage in AAA, which was approximately 97% and 98% during the three and nine months ended September 30, 2012, respectively, and 98% and 97% during the three and nine months ended September 30, 2011, respectively.

(2) Reflects the remaining interest held by certain individuals who receive an allocation of income from certain of our credit management entities and a private equity co-invest vehicle.

(3) Reflects net (income) loss of the consolidated CLOs classified as VIEs. Includes the bargain purchase gain from the Stone Tower acquisition of $1,951.1 million for the nine months ended September 30, 2012.

(4) Appropriated Partners Capital is included in total Apollo Global Management, LLC shareholders equity and is therefore not a component of comprehensive (income) loss attributable to non-controlling interest on the statements of comprehensive income.

13. COMMITMENTS AND CONTINGENCIES

Financial Guarantees Apollo has provided financial guarantees on behalf of certain employees for the benefit of unrelated third-party lenders, in connection with their capital commitment to certain funds managed by the Company. As of September 30, 2012, the maximum exposure relating to these financial guarantees approximated $1.8 million. Apollo has historically not incurred any liabilities as a result of these agreements and does not expect to in the future. Accordingly, no liability has been recorded in the accompanying condensed consolidated financial statements.

As the general partner of Apollo/Artus Investor 2007-I, L.P. (Artus), the Company may be obligated for certain losses in excess of those allocable to the limited partners to the extent that there is negative equity in that fund. As of September 30, 2012, the Company had no obligations to Artus.

Investment Commitments As a limited partner, general partner and manager of the Apollo private equity funds, credit and real estate funds, Apollo has unfunded capital commitments as of September 30, 2012 and December 31, 2011 of $241.7 million and $137.9 million, respectively.

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Apollo has an ongoing obligation to acquire additional common units of AAA in an amount equal to 25% of the aggregate after-tax cash distributions, if any, that are made to its affiliates pursuant to the carried interest distribution rights that are applicable to investments made through AAA Investments.

Debt Covenants Apollo s debt obligations contain various customary loan covenants. As of the balance sheet date, the Company was not aware of any instances of noncompliance with any of these covenants.

Litigation and Contingencies We are, from time to time, party to various legal actions arising in the ordinary course of business, including claims and litigation, reviews, investigations and proceedings by governmental and self-regulatory agencies regarding our business.

On July 16, 2008, Apollo was joined as a defendant in a pre-existing purported class action pending in Massachusetts federal court against, among other defendants, numerous private equity firms. The suit alleges that beginning in mid-2003, Apollo and the other private equity firm defendants violated the U.S. antitrust laws by forming bidding clubs or consortia that, among other things, rigged the bidding for control of various public corporations, restricted the supply of private equity financing, fixed the prices for target companies at artificially low levels, and allocated amongst themselves an alleged market for private equity services in leveraged buyouts. The suit seeks class action certification, declaratory and injunctive relief, unspecified damages, and attorneys fees. On August 27, 2008, Apollo and its co-defendants moved to dismiss plaintiffs complaint and on November 20, 2008, the Court granted the Company s motion. The Court also dismissed two other defendants, Permira and Merrill Lynch. On September 17, 2010, the plaintiffs filed a motion to amend the complaint by adding an additional eight transactions and adding Apollo as a defendant. On October 6, 2010, the Court granted plaintiffs motion to file that amended complaint. Plaintiffs fourth amended complaint, filed on October 7, 2010, adds Apollo as a defendant. Apollo joined in the other defendants October 21, 2010 motion to dismiss the third claim for relief and all claims by the PanAmSat Damages Sub-class in the Fourth Amended Complaint, which motion was granted on January 13, 2011. On November 4, 2010, Apollo moved to dismiss, arguing that the claims against Apollo are time-barred and that the allegations against Apollo are insufficient to state an antitrust conspiracy claim. On February 17, 2011, the Court denied Apollo s motion to dismiss, ruling that Apollo should raise the statute of limitations issues on summary judgment after discovery is completed. Apollo filed its answer to the Fourth Amended Complaint on March 21, 2011. On July 11, 2011, the plaintiffs filed a motion for leave to file a Fifth Amended Complaint that adds ten additional transactions and expands the scope of the class seeking relief. On September 7, 2011, the Court denied the motion for leave to amend without prejudice and gave plaintiffs permission to take limited discovery on the ten additional transactions. On June 14, 2012, the plaintiffs filed a Fifth Amended Complaint. The defendants filed a motion to dismiss the Fifth Amended Complaint in part, and that motion was granted in part and denied in part. On July 21, 2012, all defendants filed motions for summary judgment, and those motions remain pending. By order on November 6, 2012, the Court set oral argument on the summary judgment motions for December 18 and 19, 2012. On August 13, 2012, the New York Times (the Times) moved to intervene and unseal the Fifth Amended Complaint and associated exhibits, which were not available to the public at the time. The defendants filed an opposition to this motion on August 27, 2012, and also filed a redacted version of the Fifth Amended Complaint on September 10, 2012. On September 14, 2012, the Court issued an order requiring the defendants to file a version of the complaint containing narrowly tailored redactions limited to information that could cause specific and severe harm if released. The Court also rejected the New York Times request to unseal exhibits associated with the Fifth Amended Complaint. The defendants filed under seal another version of the Fifth Amended Complaint on October 5, 2012, this time containing only four redactions. The Court accepted this version of the complaint, which was publicly filed on the docket on October 10, 2012. Apollo does not believe that a loss from liability in this case is either probable or reasonably estimable. Apollo believes the plaintiffs claims lack factual and legal merit and intends to defend it vigorously. For these reasons, no estimate of possible loss, if any, can be made at this time.

In March 2012, plaintiffs filed two putative class actions, captioned Kelm v. Chase Bank (No. 12-cv-332) and Miller v. 1-800-Flowers.com, Inc. (No. 12-cv-396), in the District of Connecticut on behalf of a class of consumers alleging online fraud. The defendants included, among others, Trilegiant Corporation,

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Inc. (Trilegiant), its parent company, Affinion Group, LLC (Affinion), and Apollo Global Management, LLC (Apollo), which is affiliated with funds that are the beneficial owners of 69% of Affinion s common stock. In both cases, plaintiffs allege that Trilegiant, aided by its business partners, who include e-merchants and credit card companies, developed a set of business practices intended to create consumer confusion and ultimately defraud consumers into unknowingly paying fees to clubs for unwanted services. Plaintiffs allege that Apollo is a proper defendant because of its indirect stock ownership and ability to appoint the majority of Affinion s board. The complaints assert claims under the Racketeer Influenced Corrupt Organizations Act; the Electronic Communications Privacy Act; the Connecticut Unfair Trade Practices Act; and the California Business and Professional Code, and seek, among other things, restitution or disgorgement, injunctive relief, compensatory, treble and punitive damages, and attorneys fees. The allegations in Kelm and Miller are substantially similar to those in Schnabel v. Trilegiant Corp. (No. 3:10-cv-957), a putative class action filed in the District of Connecticut in 2010 that names only Trilegiant and Affinion as defendants. The Court has consolidated the Kelm, Miller, and Schnabel cases and ordered that they proceed on the same schedule. On June 18, 2012, the Court appointed lead plaintiffs counsel and on September 7, 2012, Plaintiffs filed their consolidated amended complaint, which alleges the same causes of action against Apollo as did the complaints in the Kelm and Miller cases. Defendants deadline to respond to the consolidated amended complaint is December 7, 2012. Apollo believes that plaintiffs claims against it are without merit. For this reason, and because the claims against Apollo are in their early stages, no reasonable estimate of possible loss, if any, can be made at this time.

On July 9, 2012, Apollo was served with a subpoena by the New York Attorney General s Office regarding Apollo s fee waiver program. The subpoena is part of what we understand to be an industry-wide investigation by the New York Attorney General into the tax implications of the fee waiver program implemented by numerous private equity and hedge funds. Under the fee waiver program, individual fund managers for Apollo-managed funds may elect to prospectively waive their management fees. Program participants receive an interest in the future profits, if any, earned on the invested amounts that represent waived fees. They receive such profits from time to time in the ordinary course when distributions are made generally, as provided for in the applicable fund governing documents and waiver agreements. Four Apollo funds have implemented the program. Apollo believes its fee waiver program complies with all applicable laws, and is cooperating with the investigation.

Various state attorneys general and federal and state agencies have initiated industry-wide investigations into the use of placement agents in connection with the solicitation of investments, particularly with respect to investments by public pension funds. Certain affiliates of Apollo have received subpoenas and other requests for information from various government regulatory agencies and investors in Apollo s funds, seeking information regarding the use of placement agents. CalPERS, one of our Strategic Investors, announced on October 14, 2009, that it had initiated a special review of placement agents and related issues. The Report of the CalPERS Special Review was issued on March 14, 2011. That report does not allege any wrongdoing on the part of Apollo or its affiliates. Apollo is continuing to cooperate with all such investigations and other reviews. In addition, on May 6, 2010, the California Attorney General filed a civil complaint against Alfred Villalobos and his company, Arvco Capital Research, LLC (Arvco) (a placement agent that Apollo has used) and Federico Buenrostro Jr., the former CEO of CalPERS, alleging conduct in violation of certain California laws in connection with CalPERS s purchase of securities in various funds managed by Apollo and another asset manager. Apollo is not a party to the civil lawsuit and the lawsuit does not allege any misconduct on the part of Apollo. Likewise, on April 23, 2012, the United States Securities and Exchange Commission filed a lawsuit alleging securities fraud on the part of Arvco, as well as Messrs. Buenrostro and Villalobos, in connection with their activities concerning certain CalPERS investments in funds managed by Apollo. This lawsuit also does not allege wrongdoing on the part of Apollo, and in fact alleges that Apollo was defrauded by Arvco, Villalobos, and Buenrostro. Apollo believes that it has handled its use of placement agents in an appropriate manner. Finally, on December 29, 2011, the United States Bankruptcy Court for the District of Nevada approved an application made by Mr. Villalobos, Arvco and related entities (the Arvco Debtors) in their consolidated bankruptcy proceedings to hire special litigation counsel to pursue certain claims on behalf of the bankruptcy estates of the Arvco Debtors, including potential claims against Apollo (a) for fees that Apollo purportedly owes the Arvco Debtors for placement agent services, and (b) for indemnification of legal fees and expenses arising out of the Arvco Debtors defense of the California Attorney General action described above. To date, no such claims have been brought. Apollo denies the merit of any such claims and will vigorously contest them, if they are brought.

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Although the ultimate outcome of these matters cannot be ascertained at this time, we are of the opinion, after consultation with counsel, that the resolution of any such matters to which we are a party at this time will not have a material effect on our financial statements. Legal actions material to us could, however, arise in the future.

Commitments Apollo leases office space and certain office equipment under various lease and sublease arrangements, which expire on various dates through 2022. As these leases expire, it can be expected that in the normal course of business, they will be renewed or replaced. Certain lease agreements contain renewal options, rent escalation provisions based on certain costs incurred by the landlord or other inducements provided by the landlord. Rent expense is accrued to recognize lease escalation provisions and inducements provided by the landlord, if any, on a straight-line basis over the lease term and renewal periods where applicable. Apollo has entered into various operating lease service agreements in respect of certain assets.

As of September 30, 2012, the approximate aggregate minimum future payments required for operating leases were as follows:

	Remaining 2012	2013	2014	2015	2016	Thereafter	Total
Aggregate minimum future payments	$ 8,777	$ 35,483	$ 35,971	$ 35,026	$ 35,125	$ 106,508	$ 256,890

Expenses related to non-cancellable contractual obligations for premises, equipment, auto and other assets were $10.7 million and $11.3 million for the three months ended September 30, 2012 and 2011, respectively, and $30.3 million and $28.8 million for the nine months ended September 30, 2012 and 2011, respectively.

Other Long-term Obligations These obligations relate to payments on management service agreements related to certain assets and payments with respect to certain consulting agreements entered into by Apollo Investment Consulting, LLC. A significant portion of these costs are reimbursable by funds or portfolio companies. As of September 30, 2012, fixed and determinable payments due in connection with these obligations are as follows:

	Remaining 2012	2013	2014	2015	2016	Thereafter	Total
Other long-term obligations	$ 3,392	$ 3,264	$ 500	$ 250	$	$	$ 7,406

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Contingent Obligations Carried interest income in both private equity funds and certain credit and real estate funds is subject to reversal in the event of future losses to the extent of the cumulative carried interest recognized in income to date. If all of the existing investments became worthless, the amount of cumulative revenues that has been recognized by Apollo through September 30, 2012 and that would be reversed approximates $2.4 billion. Management views the possibility of all of the investments becoming worthless as remote. Carried interest income is affected by changes in the fair values of the underlying investments in the funds that Apollo manages. Valuations, on an unrealized basis, can be significantly affected by a variety of external factors including, but not limited to, bond yields and industry trading multiples. Movements in these items can affect valuations quarter to quarter even if the underlying business fundamentals remain stable. The table below indicates the potential future reversal of carried interest income:

	September 30, 2012
Private Equity Funds:	
Fund VII	$ 1,317,477
Fund V	205,377
Fund IV	27,040
Other (AAA, Stanhope Life, L.P. Stanhope)	23,968
Total Private Equity Funds	1,573,862
Credit Funds:	
Distressed and Event-Driven Hedge Funds (Value Funds)	16,900
Mezzanine Funds (AIE II)	30,633
Non-Performing Loan Fund (EPF I)	88,054
Senior Credit Funds (COF I/COF II, ACLF, AEC, AESI, collateralized loan obligations (CLOs)	487,802
Stone Tower Funds/CLOs	136,822
Sub-Advisory Arrangements	12,809
Total Credit Funds	773,020
Real Estate Funds:	
CPI Other	6,460
Total Real Estate Funds	6,460
Total	$ 2,353,342

Additionally, at the end of the life of certain funds that the Company manages, there could be a payment due to a fund by the Company if the Company as general partner has received more carried interest income than was ultimately earned. The general partner obligation amount, if any, will depend on final realized values of investments at the end of the life of each fund. As discussed in note 12, the Company has recorded a general partner obligation to return previously distributed carried interest income of $170.2 million and $3.9 million relating to Fund VI and SOMA, respectively, as of September 30, 2012.

Certain funds may not generate carried interest income as a result of unrealized and realized losses that are recognized in the current and prior reporting period. In certain cases, carried interest income will not be generated until additional unrealized and realized gains occur. Any appreciation would first cover the deductions for invested capital, unreturned organizational expenses, operating expenses, management fees and priority returns based on the terms of the respective fund agreements.

One of the Company s subsidiaries, AGS, provides underwriting commitments in connection with security offerings to the portfolio companies of the funds we manage. As of September 30, 2012, there were no underwriting commitments outstanding related to such offerings.

Contingent Consideration

In connection with the Stone Tower acquisition, the Company agreed to pay the former owners of Stone Tower a specified percentage of any future realized incentive fee revenue earned from certain of the Stone Tower Funds, CLOs, CDOs and managed accounts. This contingent

consideration liability had an

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Acquisition Date fair value of $117.7 million, which was determined based on the present value of estimated future carried interest payments and is recorded in profit sharing payable in the condensed consolidated statements of financial condition. The fair value of the contingent obligation is $120.5 million as of September 30, 2012. Refer to note 3 for additional details related to the Stone Tower acquisition.

In connection with the Gulf Stream acquisition, the Company will also make payments to the former owners of Gulf Stream under a contingent consideration obligation which requires the Company to transfer cash to the former owners of Gulf Stream based on a specified percentage of carried interest revenue. The contingent liability had a fair value of approximately $14.0 million as of September 30, 2012, which is recorded in profit sharing payable in the condensed consolidated statements of financial condition. The contingent liability had a fair value of approximately $4.7 million as of December 31, 2011, which is recorded in due to affiliates in the condensed consolidated statements of financial condition.

In connection with the CPI acquisition, the consideration transferred in the acquisition was a contingent consideration in the form of a liability incurred by Apollo to CPI. The liability is an obligation of Apollo to transfer cash to CPI based on a specified percentage of future earnings. The estimated fair value of the contingent liability is $1.2 million as of September 30, 2012 and December 31, 2011 and is recorded in due to affiliates in the condensed consolidated statements of financial condition.

The contingent consideration obligations will be remeasured to fair value at each reporting period until the obligations are satisfied. The changes in the fair value of the contingent consideration obligations will be reflected in profit sharing expense in the condensed consolidated statements of operations.

During the one year measurement period, any changes resulting from facts and circumstances that existed as of the Acquisition Date will be reflected as a retrospective adjustment to the bargain purchase gain and the respective asset acquired or liability assumed.

The Company has determined that the contingent consideration obligations are categorized as a Level III liability in the fair value hierarchy as the pricing inputs into the determination of fair value requires significant management judgment and estimation.

The following table summarizes the quantitative inputs and assumptions used for the contingent consideration obligations categorized in Level III of the fair value hierarchy as of September 30, 2012.

	Fair Value at September 30, 2012	Valuation Techniques	Unobservable Inputs	Ranges
Financial Assets:				
Contingent consideration obligations	$ 135,734	Discounted cash flow	Discount rate	7.0% 11.6%

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The significant unobservable input used in the fair value measurement of the contingent obligations is the discount rate applied in the valuation models. This input in isolation can cause significant increases (decreases) in fair value. Specifically, when a discounted cash flow model is used to determine fair value, the significant input used in the valuation model is the discount rate applied to present value the projected cash flows. Increases in the discount rate can significantly lower the fair value of the contingent consideration obligations; conversely decrease in the discount rate can significantly increase the fair value of the contingent consideration obligations. In order to determine the discount rate the Company considered the following: the weighted average cost of capital for the Company, the implied internal rate of return for the transaction, and weighted average return on assets.

The following table summarizes the changes in contingent consideration obligations, which are measured at fair value and characterized as Level III liabilities:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Balance, Beginning of Period	$ 120,615	$ 1,200	$ 5,900	$ 1,200
Acquisition of Stone Tower (see note 3)			117,700	
Repayments	(2,761)		(5,746)	
Purchase accounting adjustments	1,000		1,000	
Change in fair value	16,880		16,880	
Balance, End of Period	$ 135,734	$ 1,200	$ 135,734	$ 1,200

14. MARKET AND CREDIT RISK

In the normal course of business, Apollo encounters market and credit risk concentrations. Market risk reflects changes in the value of investments due to changes in interest rates, credit spreads or other market factors. Credit risk includes the risk of default on Apollo s investments, where the counterparty is unable or unwilling to make required or expected payments.

The Company is subject to a concentration risk related to the investors in its funds. As of September 30, 2012, no individual investor accounted for more than 10% of the total committed capital to Apollo s active funds.

Apollo s derivative financial instruments contain credit risk to the extent that its counterparties may be unable to meet the terms of the agreements. Apollo seeks to minimize this risk by limiting its counterparties to highly rated major financial institutions with good credit ratings. Management does not expect any material losses as a result of default by other parties.

Substantially all amounts on deposit with major financial institutions that exceed insured limits are invested in interest-bearing accounts with U.S. money center banks.

Apollo is exposed to economic risk concentrations insofar as Apollo is dependent on the ability of the funds that it manages to compensate it for the services the management companies provide to these funds. Further, the incentive income component of this compensation is based on the ability of such funds to generate returns above certain specified thresholds.

Additionally, Apollo is exposed to interest rate risk. Apollo has debt obligations that have variable rates. Interest rate changes may therefore affect the amount of interest payments, future earnings and cash flows. At September 30, 2012 and December 31, 2011, $738.0 million and $738.5 million of Apollo s debt balance (excluding debt of the consolidated VIEs) had a variable interest rate, respectively.

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15. SEGMENT REPORTING

Apollo conducts its management and incentive businesses primarily in the United States and substantially all of its revenues are generated domestically. These businesses are conducted through the following three reportable segments:

Private Equity primarily invests in control equity and related debt instruments, convertible securities and distressed debt investments;

Credit primarily invests in non-control debt and non-control equity investments, including distressed debt instruments; and

Real Estate primarily invests in legacy commercial mortgage-backed securities, commercial first mortgage loans, mezzanine investments and other commercial real estate-related debt investments. Additionally, the Company sponsors real estate funds that focus on opportunistic investments in distressed debt and equity recapitalization transactions.

These business segments are differentiated based on the varying investment strategies. The performance is measured by management on an unconsolidated basis because management makes operating decisions and assesses the performance of each of Apollo s business segments based on financial and operating metrics and data that exclude the effects of consolidation of any of the affiliated funds.

The Company s financial results vary, since carried interest, which generally constitutes a large portion of the income from the funds that Apollo manages, as well as the transaction and advisory fees that the Company receives, can vary significantly from quarter to quarter and year to year. As a result, the Company emphasizes long-term financial growth and profitability to manage its business.

The tables below present the financial data for Apollo s reportable segments further separated between the management and incentive business as of September 30, 2012 and for the three and nine months ended September 30, 2012 and 2011, respectively, which management believes is useful to the reader. The Company s management business has fairly stable revenues and expenses except for transaction fees, while its incentive business is more volatile and can have significant fluctuations as it is affected by changes in the fair value of investments due to market performance of the Company s business. The financial results of the management entities, as reflected in the management business section of the segment tables that follow, generally include management fee revenues, advisory and transaction fees and expenses exclusive of profit sharing expense. The financial results of the advisory entities, as reflected in the incentive business sections of the segment tables that follow, generally include carried interest income, investment income, profit sharing expense and incentive fee based compensation.

During the third quarter of 2012, the Company changed the name of its capital markets business segment to the credit segment. The Company believes this new name provides a more accurate description of the types of assets which are managed within this segment. In addition, this segment name change aligns with the Company s management reporting and organizational structure and is consistent with the manner in which resource deployment and compensation decisions are made.

Economic Net Income (Loss)

Economic Net Income (ENI) is a key performance measure used by management in evaluating the performance of Apollo s private equity, credit and real estate segments. Management also believes the components of ENI such 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;

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Decisions related to capital deployment such as providing capital to facilitate growth for the business and/or to facilitate expansion into new businesses; and

Decisions relating to expenses, such as determining annual discretionary bonuses and equity-based compensation awards to its employees. With respect to compensation, management seeks to align the interests of certain professionals and selected other individuals with those of the investors in such funds and those of the Company s shareholders by providing such individuals a profit sharing interest in the carried interest income earned in relation to the funds. To achieve that objective, a certain amount of compensation is based on the Company s performance and growth for the year.

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. ENI represents segment income (loss) attributable to Apollo Global Management, LLC, which excludes the impact of (i) non-cash charges related to RSUs granted in connection with the 2007 private placement and amortization of AOG Units, (ii) income tax expense, (iii) amortization of intangibles associated with the 2007 Reorganization as well as acquisitions and (iv) Non-Controlling Interests excluding the remaining interest held by certain individuals who receive an allocation of income from certain of our credit management companies. In addition, segment data excludes the assets, liabilities and operating results of the funds and VIEs that are included in the condensed consolidated financial statements.

During the fourth quarter 2011, the Company modified the measurement of ENI to better evaluate the performance of Apollo s private equity, credit and real estate segments in making key operating decisions. These modifications include a reduction to ENI for equity-based compensation expense for RSUs (excluding RSUs granted in connection with the 2007 private placement) and share options, reduction for non-controlling interests related to the remaining interest held by certain individuals who receive an allocation of income from certain of our credit management companies and an add-back for amortization of intangibles associated with the 2007 Reorganization and acquisitions. These modifications to ENI have been reflected in the prior period presentation of our segment results. The impact of this modification on ENI is reflected in the table below for the three and nine months ended September 30, 2011:

	Impact of Modification on ENI			
	Private Equity Segment	Credit Segment	Real Estate Segment	Total Reportable Segments
For the three months ended September 30, 2011	$ (5,929)	$ (9,914)	$ (2,654)	$ (18,497)
For the nine months ended September 30, 2011	(15,877)	(23,765)	(6,669)	(46,311)

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The following table presents financial data for Apollo s reportable segments as of and for the three months ended September 30, 2012:

	As of and for the Three Months Ended September 30, 2012			
	Private Equity Segment	Credit Segment	Real Estate Segment	Total Reportable Segments
Revenues:				
Advisory and transaction fees from affiliates	$ 13,296	$ 1,854	$	$ 15,150
Management fees from affiliates	68,460	80,839	10,947	160,246
Carried interest income from affiliates	340,597	238,359	4,813	583,769
Total Revenues	422,353	321,052	15,760	759,165
Expenses	209,889	149,806	18,454	378,149
Other Income	27,847	26,388	948	55,183
Non-Controlling Interests		(2,658)		(2,658)
Economic Net Income (Loss)	$ 240,311	$ 194,976	$ (1,746)	$ 433,541
Total Assets	$ 2,292,399	$ 1,762,179	$ 83,555	$ 4,138,133

The following table reconciles the total segments to Apollo Global Management, LLC s condensed consolidated financial statements as of and for the three months ended September 30, 2012:

	As of and for the Three Months Ended September 30, 2012		
	Total Reportable Segments	Consolidation Adjustments and Other	Consolidated
Revenues	$ 759,165	$ (46,792)[1]	$ 712,373
Expenses	378,149	141,859[2]	520,008
Other income	55,183	(27,835)[3]	27,348
Non-Controlling Interests	(2,658)	(112,347)	(115,005)
Economic Net Income	$ 433,541[5]	N/A	
Total Assets	$ 4,138,133	$ 15,431,271[6]	$ 19,569,404

(1) Represents advisory, management fees and carried interest income earned from consolidated VIEs which are eliminated in consolidation.
(2) Represents the addition of expenses of consolidated funds and the consolidated VIEs and expenses related to RSUs granted in connection with the 2007 private placement and equity-based compensation expense comprising amortization of AOG Units and amortization of intangible assets.
(3) Results from the following:

	For the Three Months Ended September 30, 2012

Net gains from investment activities	$	18,360
Net gains from investment activities of consolidated variable interest entities		(45,475)
Loss from equity method investments[4]		(1,238)
Interest and other loss		(212)
Gain on acquisition		730
Total Consolidation Adjustments	$	(27,835)

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(4) Includes the remaining interest of certain individuals who receive an allocation of income from a private equity co-investment vehicle.
(5) The reconciliation of Economic Net Income to Net Income attributable to Apollo Global Management, LLC reported in the condensed consolidated statements of operations consists of the following:

	For the Three Months Ended September 30, 2012
Economic Net Income	$ 433,541
Income tax provision	(21,917)
Net income attributable to Non-Controlling Interests in Apollo Operating Group	(187,276)
Non-cash charges related to equity-based compensation[7]	(127,780)
Amortization of intangible assets	(13,777)
Net Income Attributable to Apollo Global Management, LLC	$ 82,791

(6) Represents the addition of assets of consolidated funds and the consolidated VIEs.
(7) Includes impact of non-cash charges related to amortization of AOG Units and RSU Plan Grants made in connection with the 2007 private placement as discussed in note 11 to our condensed consolidated financial statements.

The following tables present additional financial data for Apollo s reportable segments for the three months ended September 30, 2012:

	For the Three Months Ended September 30, 2012					
	Management	Private Equity Incentive	Total	Management	Credit Incentive	Total
Revenues:						
Advisory and transaction fees from affiliates	$ 13,296	$	$ 13,296	$ 1,854	$	$ 1,854
Management fees from affiliates	68,460		68,460	80,839		80,839
Carried interest income from affiliates:						
Unrealized gains[1]		152,439	152,439		187,047	187,047
Realized gains		188,158	188,158	9,664	41,648	51,312
Total Revenues	81,756	340,597	422,353	92,357	228,695	321,052
Compensation and benefits[2]	32,927	159,811	192,738	38,538	73,822	112,360
Other expenses[2]	17,151		17,151	37,446		37,446
Total Expenses	50,078	159,811	209,889	75,984	73,822	149,806
Other Income	2,866	24,981	27,847	7,490	18,898	26,388
Non-Controlling Interests				(2,658)		(2,658)
Economic Net Income	$ 34,544	$ 205,767	$ 240,311	$ 21,205	$ 173,771	$ 194,976

(1) Included in unrealized carried interest income from affiliates is reversal of previously recognized realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $26.4 million with respect to Fund VI and reversal of $14.4 million of the general partner obligation to return previously distributed carried interest income with respect to SOMA for the three months ended September 30, 2012. The general partner obligation is recognized based upon a hypothetical liquidation of the funds net assets as of September 30, 2012. The actual determination and any required payment of a general partner obligation would not take place until the final disposition of a fund s investments based on the contractual termination of the fund.

(2) Pursuant to the modification in the ENI measurement as discussed above, compensation and benefits includes equity-based compensation expense related to the management business for RSUs (excluding RSUs granted in connection with the 2007 private placement) and share options. In addition, other expenses excludes amortization of intangibles associated with the 2007 Reorganization as well as acquisitions.

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	For the Three Months Ended September 30, 2012		
	Management	Real Estate Incentive	Total
Revenues:			
Advisory and transaction fees from affiliates	$	$	$
Management fees from affiliates	10,947		10,947
Carried interest (loss) income from affiliates:			
Unrealized gains		4,813	4,813
Realized gains			
Total Revenues	10,947	4,813	15,760
Compensation and benefits[(1)]	9,809	4,164	13,973
Other expenses[(1)]	4,481		4,481
Total Expenses	14,290	4,164	18,454
Other Income	707	241	948
Economic Net (Loss) Income	$ (2,636)	$ 890	$ (1,746)

(1) Pursuant to the modification in the ENI measurement as discussed above, compensation and benefits includes equity-based compensation expense related to the management business for RSUs (excluding RSUs granted in connection with the 2007 private placement) and share options. In addition, other expenses excludes amortization of intangibles associated with the 2007 Reorganization as well as acquisitions.

	As of and for the Three Months Ended September 30, 2011			
	Private Equity Segment	Credit Segment	Real Estate Segment	Total Reportable Segments
Revenues:				
Advisory and transaction fees from affiliates	$ 14,891	$ 1,831	$ 472	$ 17,194
Management fees from affiliates	65,173	47,250	10,596	123,019
Carried interest income from affiliates	(1,358,616)	(260,467)		(1,619,083)
Total Revenues	(1,278,552)	(211,386)	11,068	(1,478,870)
Expenses	(431,917)	(17,073)	16,446	(432,544)
Other (Loss) Income	(40,492)	(68,036)	42	(108,486)
Non-Controlling Interests		(4,148)		(4,148)
Economic Net Loss	$ (887,127)	$ (266,497)	$ (5,336)	$ (1,158,960)
Total Assets	$ 1,579,798	$ 1,045,139	$ 89,645	$ 2,714,582

The following table reconciles the total reportable segments to Apollo Global Management, LLC s financial statements for the three months ended September 30, 2011:

	As of and for the Three Months Ended September 30, 2011

	Total Reportable Segments	Consolidation Adjustments and Other	Consolidated
Revenues	$ (1,478,870)	$ (710)[1]	$ (1,479,580)
Expenses	(432,544)	274,444[2]	(158,100)
Other loss	(108,486)	(333,824)[3]	(442,310)
Non Controlling Interests	(4,148)	1,281,165	1,277,017
Economic Net Loss	$ (1,158,960)[4]	N/A	N/A
Total Assets	$ 2,714,582	$ 2,616,189[5]	$ 5,330,771

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(1) Represents advisory and management fees earned from a consolidated VIE which is eliminated in consolidation.
(2) Represents the addition of expenses of consolidated funds and the consolidated VIEs and expenses related to RSUs granted in connection with the 2007 private placement, equity based compensation expense comprising amortization of AOG Units, and amortization of intangible assets.
(3) Results from the following:

	For the Three Months Ended September 30, 2011
Net losses from investment activities	$ (337,051)
Net losses from investment activities of consolidated variable interest entities	(4,760)
Gain from equity method investments	7,987
Total Consolidation Adjustments	$ (333,824)

(4) The reconciliation of Economic Net Loss to Net Loss Attributable to Apollo Global Management, LLC reported in the condensed consolidated statements of operations consists of the following:

	For the Three Months Ended September 30, 2011
Economic Net Loss	$ (1,158,960)
Income tax benefit	19,847
Net loss attributable to Non-Controlling Interests in Apollo Operating Group[5]	946,757
Non-cash charges related to equity-based compensation[6]	(270,952)
Amortization of intangible assets	(3,618)
Net Loss Attributable to Apollo Global Management, LLC	$ (466,926)

(5) Represents the addition of assets of consolidated funds and consolidated VIEs.
(6) Includes impact of non-cash charges related to amortization of AOG Units and RSU Plan Grants made in connection with the 2007 private placement as discussed in note 11 to the condensed consolidated financial statements.

The following tables present additional financial data for Apollo s reportable segments for the three months ended September 30, 2011:

	For the Three Months Ended September 30, 2011					
	Management	Private Equity Incentive	Total	Management	Credit Incentive	Total
Revenues:						
Advisory and transaction fees from affiliates	$ 14,891	$	$ 14,891	$ 1,831	$	$ 1,831
Management fees from affiliates	65,173		65,173	47,250		47,250
Carried interest income (loss) from affiliates:						
Unrealized losses[1]		(1,399,141)	(1,399,141)		(284,120)	(284,120)
Realized gains		40,525	40,525	11,300	12,353	23,653
Total Revenues	80,064	(1,358,616)	(1,278,552)	60,381	(271,767)	(211,386)
Compensation and benefits[2]	40,530	(497,161)	(456,631)	35,422	(69,970)	(34,548)

Other expenses[2]	24,714		24,714	17,475		17,475
Total Expenses	65,244	(497,161)	(431,917)	52,897	(69,970)	(17,073)
Other Loss	(981)	(39,511)	(40,492)	(8,292)	(59,744)	(68,036)
Non-Controlling Interests				(4,148)		(4,148)
Economic Net Income (Loss)	$ 13,839	$ (900,966)	$ (887,127)	$ (4,956)	$ (261,541)	$ (266,497)

(1) Included in unrealized carried interest (loss) from affiliates is reversal of previously recognized realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $78.0 million, $24.2 million, and $17.6 million with respect to Fund VI, COF II and SOMA, respectively, for the three months ended September 30, 2011. The general partner obligation is recognized based upon a hypothetical liquidation of the funds net assets as of September 30, 2011. The actual determination and any required payment of a general partner obligation would not take place until the final disposition of a fund s investments based on the contractual termination of the fund.

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(2) Pursuant to the modification in the ENI measurement as discussed above, compensation and benefits includes equity-based compensation expense related to the management business for RSUs (excluding RSUs granted in connection with the 2007 private placement) and share options. In addition, other expenses excludes amortization of intangibles associated with the 2007 Reorganization as well as acquisitions.

	For the Three Months Ended September 30, 2011		
	Management	Real Estate Incentive	Total
Revenues:			
Advisory and transaction fees from affiliates	$ 472	$	$ 472
Management fees from affiliates	10,596		10,596
Carried interest income from affiliates			
Total Revenues	11,068		11,068
Compensation and benefits[(1)]	10,449		10,449
Other expenses[(1)]	5,997		5,997
Total Expenses	16,446		16,446
Other (Loss) Income	(192)	234	42
Economic Net (Loss) Income	$ (5,570)	$ 234	$ (5,336)

(1) Pursuant to the modification in the ENI measurement as discussed above, compensation and benefits includes equity-based compensation expense related to the management business for RSUs (excluding RSUs granted in connection with the 2007 private placement) and share options. In addition, other expenses excludes amortization of intangibles associated with the 2007 Reorganization as well as acquisitions.

The following table presents financial data for Apollo s reportable segments as of and for the nine months ended September 30, 2012:

	As of and for the Nine Months Ended September 30, 2012			
	Private Equity Segment	Credit Segment	Real Estate Segment	Total Reportable Segments
Revenues:				
Advisory and transaction fees from affiliates	$ 104,290	$ 7,530	$ 592	$ 112,412
Management fees from affiliates	204,615	207,861	34,200	446,676
Carried interest income from affiliates	794,324	424,703	10,739	1,229,766
Total Revenues	1,103,229	640,094	45,531	1,788,854
Expenses	556,454	333,354	53,053	942,861
Other Income	60,367	35,980	1,728	98,075
Non-Controlling Interests		(6,505)		(6,505)
Economic Net Income (Loss)	$ 607,142	$ 336,215	$ (5,794)	$ 937,563
Total Assets	$ 2,292,399	$ 1,762,179	$ 83,555	$ 4,138,133

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The following table reconciles the total segments to Apollo Global Management, LLC s condensed consolidated financial statements as of and for the nine months ended September 30, 2012:

	Total Reportable Segments	As of and for the Nine Months Ended September 30, 2012 Consolidation Adjustments and Other	Consolidated
Revenues	$ 1,788,854	$ (88,110)[1]	$ 1,700,744
Expenses	942,861	417,339[2]	1,360,200
Other income	98,075	2,071,922[3]	2,169,997
Non-Controlling Interests	(6,505)	(2,317,461)	(2,323,966)
Economic Net Income	$ 937,563[5]	N/A	N/A
Total Assets	$ 4,138,133	$ 15,431,271[6]	$ 19,569,404

(1) Represents advisory, management fees and carried interest income earned from consolidated VIEs which are eliminated in consolidation.
(2) Represents the addition of expenses of consolidated funds and the consolidated VIEs, expenses related to RSUs granted in connection with the 2007 private placement and equity-based compensation expense comprising amortization of AOG Units and amortization of intangible assets.
(3) Results from the following:

	For the Nine Months Ended September 30, 2012
Net gains from investment activities	$ 157,544
Net gains from investment activities of consolidated variable interest entities	(29,913)
Loss from equity method investments[4]	(8,696)
Interest and other income	1,090
Gain on acquisition	1,951,897
Total Consolidation Adjustments	$ 2,071,922

(4) Includes $1.6 million, which reflects the remaining interest of certain individuals who receive an allocation of income from a private equity co-investment vehicle.
(5) The reconciliation of Economic Net Income to Net Income attributable to Apollo Global Management, LLC reported in the condensed consolidated statements of operations consists of the following:

	For the Nine Months Ended September 30, 2012
Economic Net Income	$ 937,563
Income tax provision	(47,127)
Net income attributable to Non-Controlling Interests in Apollo Operating Group	(335,836)

Non-cash charges related to equity-based compensation[7]		(385,714)
Amortization of intangible assets		(29,438)
Net Income Attributable to Apollo Global Management, LLC	$	139,448

(6) Represents the addition of assets of consolidated funds and the consolidated VIEs.

(7) Includes impact of non-cash charges related to amortization of AOG Units and RSU Plan Grants made in connection with the 2007 private placement as discussed in note 11 to our condensed consolidated financial statements.

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The following tables present additional financial data for Apollo s reportable segments for the nine months ended September 30, 2012:

	For the Nine Months Ended September 30, 2012					
	Management	Private Equity Incentive	Total	Management	Credit Incentive	Total
Revenues:						
Advisory and transaction fees from affiliates	$ 104,290	$	$ 104,290	$ 7,530	$	$ 7,530
Management fees from affiliates	204,615		204,615	207,861		207,861
Carried interest income from affiliates:						
Unrealized gains[1]		440,718	440,718		318,624	318,624
Realized gains		353,606	353,606	28,464	77,615	106,079
Total Revenues	308,905	794,324	1,103,229	243,855	396,239	640,094
Compensation and benefits[2]	116,684	377,952	494,636	109,779	120,967	230,746
Other expenses[2]	61,818		61,818	102,608		102,608
Total Expenses	178,502	377,952	556,454	212,387	120,967	333,354
Other Income	2,935	57,432	60,367	9,772	26,208	35,980
Non-Controlling Interests				(6,505)		(6,505)
Economic Net Income	$ 133,338	$ 473,804	$ 607,142	$ 34,735	$ 301,480	$ 336,215

(1) Included in unrealized carried interest income from affiliates is reversal of previously recognized realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $94.9 million with respect to Fund VI and reversal of $14.2 million of the general partner obligation to return previously distributed carried interest income with respect to SOMA for the nine months ended September 30, 2012. The general partner obligation is recognized based upon a hypothetical liquidation of the funds net assets as of September 30, 2012. The actual determination and any required payment of a general partner obligation would not take place until the final disposition of a fund s investments based on the contractual termination of the fund.

(2) Pursuant to the modification in the ENI measurement as discussed above, compensation and benefits includes equity-based compensation expense related to the management business for RSUs (excluding RSUs granted in connection with the 2007 private placement) and share options. In addition, other expenses excludes amortization of intangibles associated with the 2007 Reorganization as well as acquisitions.

	For the Nine Months Ended September 30, 2012		
	Management	Real Estate Incentive	Total
Revenues:			
Advisory and transaction fees from affiliates	$ 592	$	$ 592
Management fees from affiliates	34,200		34,200
Carried interest income from affiliates:			
Unrealized gains		6,460	6,460
Realized gains		4,279	4,279
Total Revenues	34,792	10,739	45,531
Compensation and benefits[1]	27,876	7,761	35,637
Other expenses[1]	17,416		17,416

Total Expenses	45,292	7,761	53,053
Other Income	1,068	660	1,728
Economic Net (Loss) Income	$ (9,432)	$ 3,638	$ (5,794)

(1) Pursuant to the modification in the ENI measurement as discussed above, compensation and benefits includes equity-based compensation expense related to the management business for RSUs (excluding RSUs granted in connection with the 2007 private placement) and share options. In addition, other expenses excludes amortization of intangibles associated with the 2007 Reorganization as well as acquisitions.

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The following table presents financial data for Apollo s reportable segments as of and for the nine months ended September 30, 2011:

	As of and for the Nine Months Ended September 30, 2011			
	Private Equity Segment	Credit Segment	Real Estate Segment	Total Reportable Segments
Revenues:				
Advisory and transaction fees from affiliates	$ 51,533	$ 8,161	$ 472	$ 60,166
Management fees from affiliates	196,154	136,677	29,525	362,356
Carried interest loss from affiliates	(777,935)	(118,239)		(896,174)
Total Revenues	(530,248)	26,599	29,997	(473,652)
Expenses	(49,472)	138,002	50,911	139,441
Other (Loss) Income	(11,344)	(33,664)	10,483	(34,525)
Non-Controlling Interests		(9,382)		(9,382)
Economic Net Loss	$ (492,120)	$ (154,449)	$ (10,431)	$ (657,000)
Total Assets	$ 1,579,798	$ 1,045,139	$ 89,645	$ 2,714,582

The following table reconciles the total segments to Apollo Global Management, LLC s condensed consolidated financial statements as of and for the nine months ended September 30, 2011:

	As of and for the Nine Months Ended September 30, 2011		
	Total Reportable Segments	Consolidation Adjustments and Other	Consolidated
Revenues	$ (473,652)	$ (710)[1]	$ (474,362)
Expenses	139,441	824,046[2]	963,487
Other loss	(34,525)	(132,586)[3]	(167,111)
Non-controlling interests	(9,382)	1,127,106	1,117,724
Economic Net Loss	$ (657,000)[4]	N/A	N/A
Total Assets	$ 2,714,582	$ 2,616,189[5]	$ 5,330,771

(1) Represents advisory and management fees earned from a consolidated VIE which is eliminated in consolidation.

(2) Represents the addition of expenses of consolidated funds and the consolidated VIEs and expenses related to RSUs granted in connection with the 2007 private placement, equity-based compensation expense comprising amortization of AOG Units, and amortization of intangible assets.

(3) Results from the following:

	For the Nine Months Ended September 30,

		2011
Net losses from investment activities	$	(135,872)
Net losses from investment activities of consolidated variable interest entities		(41)
Gain from equity method investments		3,327
Total Consolidation Adjustments	$	(132,586)

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(4) The reconciliation of Economic Net Income to Net Loss attributable to Apollo Global Management, LLC reported in the condensed consolidated statements of operations consists of the following:

	For the Nine Months Ended September 30, 2011
Economic Net Loss	$ (657,000)
Income tax benefit	7,477
Net loss attributable to Non-Controlling Interests in Apollo Operating Group[5]	992,719
Non-cash charges related to equity-based compensation[6]	(811,700)
Amortization of intangible assets	(11,255)
Net Loss Attributable to Apollo Global Management, LLC	$ (479,759)

(5) Represents the addition of assets of consolidated funds and consolidated VIEs.

(6) Includes impact of non-cash charges related to amortization of AOG Units and Plan Grants made in connection with the 2007 private placement as discussed in note 11 to our condensed consolidated financial statements.

The following tables present additional financial data for Apollo s reportable segments for the nine months ended September 30, 2011:

	For the Nine Months Ended September 30, 2011					
	Management	Private Equity Incentive	Total	Management	Credit Incentive	Total
Revenues:						
Advisory and transaction fees from affiliates	$ 51,533	$	$ 51,533	$ 8,161	$	$ 8,161
Management fees from affiliates	196,154		196,154	136,677		136,677
Carried interest income (loss) from affiliates:						
Unrealized losses		(1,108,408)	(1,108,408)		(189,208)	(189,208)
Realized gains		330,473	330,473	35,040	35,929	70,969
Total Revenues	247,687	(777,935)	(530,248)	179,878	(153,279)	26,599
Compensation and benefits[1]	120,754	(245,130)	(124,376)	98,391	(27,618)	70,773
Other expenses[1]	74,904		74,904	67,229		67,229
Total Expenses	195,658	(245,130)	(49,472)	165,620	(27,618)	138,002
Other Income (Loss)	7,824	(19,168)	(11,344)	(5,087)	(28,577)	(33,664)
Non-Controlling Interests				(9,382)		(9,382)
Economic Net Income (Loss)	$ 59,853	$ (551,973)	$ (492,120)	$ (211)	$ (154,238)	$ (154,449)

(1) Included in unrealized carried interest income (loss) from affiliates is reversal of previously recognized realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $78.0 million, $24.2 million, and $17.6 million with respect to Fund VI, COF II and SOMA, respectively, for the nine months ended September 30, 2011. The general partner obligation is recognized based upon a hypothetical liquidation of the funds net assets as of September 30, 2011. The general partner obligation is recognized based upon a hypothetical liquidation of the funds net assets as of September 30, 2011. The actual determination and any required payment of a general partner obligation would not take place until the final disposition of a fund s investments based on

the contractual termination of the fund.

(2) Pursuant to the modification in the ENI measurement as discussed above, compensation and benefits includes equity-based compensation expense related to the management business for RSUs (excluding RSUs granted in connection with the 2007 private placement) and share options. In addition, other expenses excludes amortization of intangibles associated with the 2007 Reorganization as well as acquisitions.

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	For the Nine Months Ended September 30, 2011		
	Management	Real Estate Incentive	Total
Revenues:			
Advisory and transaction fees from affiliates	$ 472	$	$ 472
Management fees from affiliates	29,525		29,525
Carried interest income from affiliates			
Total Revenues	29,997		29,997
Compensation and benefits[(1)]	33,827		33,827
Other expenses[(1)]	17,084		17,084
Total Expenses	50,911		50,911
Other Income	9,842	641	10,483
Economic Net (Loss) Income	$ (11,072)	$ 641	$ (10,431)

(1) Pursuant to the modification in the ENI measurement as discussed above, compensation and benefits includes equity-based compensation expense related to the management business for RSUs (excluding RSUs granted in connection with the 2007 private placement) and share options. In addition, other expenses excludes amortization of intangibles associated with the 2007 Reorganization as well as acquisitions.

16. SUBSEQUENT EVENTS

On October 30, 2012, the Company completed a restructuring of AMH, pursuant to which all of the limited partnership interests of AMH which were previously owned by APO Corp. and AP Professional Holdings, L.P. were contributed to a newly formed Cayman Islands limited partnership, AMH Holdings, L.P., which is owned by APO Corp. and AP Professional Holdings, L.P.

On October 31, 2012, one of our consolidated funds, AAA, closed on an agreement to contribute substantially all of its investments to Athene in exchange for Class A common shares of Athene, cash and a short term promissory note (the Transaction). AAA will receive approximately 48.3 million non-voting Class A common shares of Athene, $82.9 million in cash and a promissory note with a principal amount of approximately $115.0 million, which is payable upon demand by AAA and that Athene may prepay at its option at any time, without penalty. The shares of Athene to be issued to AAA in the Transaction are valued at $13.46 per share, which equals AAA s carrying value as of August 31, 2012, other than approximately 3.8 million of the shares of Athene to be issued to AAA, which will be purchased at $11.16 per share pursuant to a pre-existing capital commitment obligation of AAA.

On November 9, 2012, the Company declared a cash distribution of $0.40 per Class A share, which will be paid on November 30, 2012 to holders of record on November 23, 2012.

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MANAGEMENT S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with Apollo Global Management, LLC s condensed consolidated financial statements and the related notes included within this Quarterly Report on Form 10-Q. 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 in our Form 10-K for the year ended December 31, 2011 filed with the SEC on March 9, 2012. The highlights listed below have had significant effects on many items within our condensed consolidated financial statements and affect the comparison of the current period s activity with those of prior periods.

General

Our Businesses

Founded in 1990, Apollo is a leading global alternative investment manager. We are contrarian, value-oriented investors in private equity, credit 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 and invest funds and managed accounts on behalf of some of the world s most prominent pension and endowment funds as well as other institutional and individual investors. 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 624 employees, including 250 investment professionals, as of September 30, 2012. This team possesses a broad range of transaction, financial, managerial and investment skills. We have offices in New York, Houston, Los Angeles, London, Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai.

Apollo conducts its management and incentive businesses primarily in the United States and substantially all of its revenues are generated domestically. These businesses are conducted through the following three reportable segments:

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

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

(iii) ***Real estate*** invests in legacy commercial mortgage-backed securities, commercial first mortgage loans, mezzanine investments and other commercial real estate-related debt investments. Additionally, the Company sponsors real estate funds that focus on opportunistic investments in distressed debt and equity recapitalization transactions.

During the third quarter of 2012, the Company changed the name of its capital markets business segment to the credit segment. The Company believes this new name provides a more accurate description of the types of assets which are managed within this segment. In addition, this segment name change is consistent with the Company s management reporting and organization structure, as well as the manner in which resource deployment and compensation decisions are made.

These business segments are differentiated based on the varying investment strategies. The performance is measured by management on an unconsolidated basis because management makes operating decisions and assesses the performance of each of Apollo s business segments based on financial and operating metrics and data that exclude the effects of consolidation of any of the affiliated funds.

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

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In addition, the growth in our fee-generating AUM during the last year has primarily been in our credit segment. The average management fee rate for these new credit products is at market rates for such products and in certain cases is below our historical rates. Also, due to the complexity of these new product offerings, the Company has incurred and will continue to incur additional costs associated with managing these products. To date, these additional costs have been offset by realized economies of scale and ongoing cost management.

As of September 30, 2012, we had total AUM of $109.7 billion across all of our businesses. Our latest private equity buyout fund, Fund VII, held a final closing in December 2008, raising a total of $14.7 billion, and as of September 30, 2012 Fund VII had $4.7 billion of uncalled commitments, or dry powder , remaining. We have consistently produced attractive long-term investment returns in our private equity funds, generating a 39% gross IRR and a 25% net IRR on a compound annual basis from inception through September 30, 2012. A number of our credit funds have also performed well since their inception through September 30, 2012.

As of September 30, 2012, approximately 92% of our total AUM was in funds with a contractual life at inception of seven years or more, and 10% of our total AUM was in permanent capital vehicles with unlimited duration.

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Holding Company Structure

The diagram below depicts our current organizational structure:

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Note: The organizational structure chart above depicts a simplified version of the Apollo structure. It does not include all legal entities in the structure.

(1) The Strategic Investors hold 46.1% of the Class A shares outstanding. The Class A shares held by investors other than the Strategic Investors represent 22.6% of the total voting power of our shares entitled to vote and 18.9% of the economic interests in the Apollo Operating Group. Class A shares held by the Strategic Investors do not have voting rights. However, 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 investments made by the Strategic Investors.

(2) Our managing partners own BRH Holdings GP, Ltd., or BRH, which in turns holds our only outstanding Class B share. The Class B share represents 77.4% 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 beneficial ownership, through Holdings, of 57% of the limited partner interests in the Apollo Operating Group.

(3) Through BRH Holdings, L.P., our managing partners indirectly beneficially own through estate planning vehicles limited partner interests in Holdings.

(4) Holdings owns 64.9% 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. Our managing partners, through their interests in BRH and Holdings, beneficially own 57% of the Apollo Operating Group units. Our contributing partners, through their ownership interests in Holdings, beneficially own 7.9% 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.

(6) Represents 35.1% 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.

Apollo Global Management, LLC, through three intermediate holding companies (APO Corp., APO Asset Co., LLC and APO (FC), LLC), owns 35.1% of the economic interests of, and operates and controls all of the business and affairs of, the Apollo Operating Group and its subsidiaries. Holdings owns the remaining 64.9% 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 condensed consolidated financial statements.

Each of the Apollo Operating Group partnerships holds interests in different businesses or entities organized in different jurisdictions.

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 enables us to maintain our partnership status and to meet 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.

Business Environment

During the third quarter of 2012, global equity and credit markets improved with the assistance of continued low interest rate policies and other non-traditional monetary actions. Against this backdrop, Apollo was able to generate realizations for our fund investors during the third quarter, which we believe is a great example of our flexibility in adapting to changing market conditions. Apollo s fundraising activities also continued at a strong pace, as evidenced by the $1.5 billion of new capital that was raised during the third quarter as institutional investors continued to turn to alternative investment managers for more attractive risk-adjusted returns in a low rate environment.

Regardless of the market or economic environment at any given time, Apollo relies on its contrarian, value-oriented approach to consistently invest capital on behalf of its investors by focusing on opportunities that management believes are often overlooked by other investors. Apollo s expertise in credit and its focus on nine core industry sectors combined with more than 20 years of investment

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experience have allowed Apollo to respond quickly to changing environments. Apollo s core industry sectors cover chemicals, commodities, consumer and retail, distribution and transportation, financial and business services, manufacturing and industrial, media and leisure, packaging and materials and the satellite and wireless industries. Apollo believes that these attributes have contributed to the success of its private equity funds investing in buyouts and credit opportunities during both expansionary and recessionary economic periods.

From the beginning of the third quarter of 2007 and through September 30, 2012, we have deployed approximately $34.2 billion of gross invested capital across our private equity and certain credit funds, focused on control, distressed and buyout investments, leveraged loan portfolios and mezzanine, non-control distressed and non-performing loans. In addition, from the beginning of the fourth quarter of 2007 through September 30, 2012, the funds managed by Apollo have acquired approximately $17.6 billion in face value of distressed debt at discounts to par value and purchased approximately $40.2 billion in face value of leveraged senior loans at discounts to par value from financial institutions. Since we purchased many of these leveraged loan portfolios from highly motivated sellers, we were able to secure, in certain cases, attractive long-term, low cost financing.

Since the financial crisis in 2008, Apollo has relied on its deep industry, credit and financial structuring experience, coupled with its strengths as a value-oriented, distressed investor, to deploy significant amounts of new capital. In addition, Apollo has been relying on its restructuring and credit experience to work proactively with its funds portfolio company management teams to generate cost and working capital savings, reduce capital expenditures, and optimize capital structures through several means such as debt exchange offers and the purchase of portfolio company debt at discounts to par value. For example, as of September 30, 2012, Fund VI and its underlying portfolio companies purchased or retired approximately $19.8 billion in face value of debt and captured approximately $9.8 billion of discount to par value of debt in portfolio companies such as CEVA Logistics, Caesars Entertainment, Realogy and Momentive Performance Materials. In certain situations, 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 approximately $3.3 billion of cost savings programs on an aggregate basis from the date Fund VI invested in them through September 30, 2012, which we believe will positively impact their operating profitability.

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 $13.7 billion primarily in traditional and corporate partner buyouts. During the recessionary periods of 1990 through 1993, 2001 through late 2003 and the current recessionary period, our private equity funds have invested $26.9 billion, of which $16.0 billion was in distressed buyouts and debt investments when the debt securities of quality companies traded at deep discounts to par value. Our average entry multiple for Fund VII, VI and V was 6.2x, 7.7x and 6.6x, respectively as of September 30, 2012.

Managing Business Performance

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

Economic Net Income (Loss)

ENI is a measure of profitability and does not take into account certain items included under U.S. GAAP. ENI represents segment income (loss) attributable to Apollo, which excludes the impact of (i) non-cash charges related to RSUs granted in connection with the 2007 private placement and amortization of Apollo Operating Group units (AOG Units), (ii) income tax expense, (iii) amortization of intangibles associated with the 2007 Reorganization as well as acquisitions and (iv) Non-Controlling Interests excluding the remaining interest held by certain individuals who receive an allocation of income from certain of our credit management companies. In addition, segment data excludes the assets, liabilities and operating results of the funds and variable interest entities (VIEs) that are included in the condensed consolidated financial statements. Adjustments relating to income tax expense, intangible asset amortization and Non-Controlling Interests are common in the calculation of supplemental measures of

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performance in our industry. We believe the exclusion of the non-cash charges related to equity-based compensation awarded in connection with our 2007 Reorganization provides investors with a meaningful indication of our performance because these charges relate to the equity portion of our capital structure and not our core operating performance.

During the fourth quarter of 2011, the Company modified the measurement of ENI to better evaluate the performance of Apollo s private equity, credit and real estate segments in making key operating decisions. These modifications include a reduction to ENI for equity-based compensation for RSUs (excluding RSUs granted in connection with the 2007 private placement) and share options, a reduction for non-controlling interests related to the remaining interest held by certain individuals who receive an allocation of income from certain of our credit management companies and an add-back for amortization of intangibles associated with the 2007 Reorganization and acquisitions. These modifications to ENI have been reflected in the prior period presentation of our segment results. The impact of this modification on ENI is reflected in the table below for the three and nine months ended September 30, 2011:

	Impact of Modification on ENI			
	Private Equity Segment	Credit Segment	Real Estate Segment	Total Reportable Segments
For the three months ended September 30, 2011	$ (5,929)	$ (9,914)	$ (2,654)	$ (18,497)
For the nine months ended September 30, 2011	(15,877)	(23,765)	(6,669)	(46,311)

During the third quarter of 2012, the Company changed the name of its capital markets business segment to the credit segment. The Company believes this new name provides a more accurate description of the types of assets which are managed within this segment. In addition, this segment name change is consistent with the Company s management reporting and organizational structure, as well as the manner in which resource deployment and compensation decisions are made.

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

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

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

Decisions relating to the allocation of resources such as staffing decisions including hiring and locations for deployment of the new hires.

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Decisions relating to capital deployment such as providing capital to facilitate growth for the business and/or to facilitate expansion into new businesses.

Decisions related to expenses, such as determining annual discretionary bonuses and equity-based compensation awards to its employees. With respect to compensation, management seeks to align the interests of certain professionals and selected other individuals with those of the investors in such funds and those of the Company s shareholders by providing such individuals a profit sharing interest in the carried interest income earned in relation to the funds. To achieve that objective, a certain amount of compensation is based on the Company s performance and growth for the year.

ENI does not take into account certain items included when calculating net income under U.S. GAAP and as such, we do not rely solely on ENI as a performance measure and also consider our U.S. GAAP results. The following items, which are significant to our business, are excluded when calculating ENI:

(i) non-cash charges related to RSUs granted in connection with the 2007 private placement and amortization of AOG Units, although these costs are expected to be recurring components of our costs we may be able to incur lower cash compensation costs with the granting of equity-based compensation;

(ii) income tax, which represents a necessary and recurring element of our operating costs and our ability to generate revenue because ongoing revenue generation is expected to result in future income tax expense;

(iii) amortization of intangible assets associated with the 2007 Reorganization and acquisitions, which is a recurring item until all intangibles have been fully amortized; and

(iv) Non-Controlling Interests excluding the remaining interest held by certain individuals who receive an allocation of income from certain of our credit management companies, which is expected to be a recurring item and represents the aggregate of the income or loss that is not owned by the Company.

We believe that ENI is helpful for an understanding of our business and that shareholders 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 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 determined in accordance with U.S. GAAP:

Inclusion of the impact of RSUs granted in connection with the 2007 private placement and non-cash equity-based compensation expense relating to the amortization of AOG Units. 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 RSUs granted in connection with the 2007 private placement and amortization of AOG Units because these non-cash charges are 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 (which exclude APO Corp. s corporate taxes) are not meaningful, as the majority of the entities included in our segments operate as partnerships and therefore are only subject to New York City unincorporated business taxes and foreign taxes when applicable.

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Inclusion of amortization of intangible assets associated with the 2007 Reorganization and subsequent acquisitions as these non-cash charges are not viewed as part of our core operations.

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 in consolidated funds, which remain consolidated in our condensed consolidated financial statements. Management views the business as an alternative investment management firm and therefore assesses performance using the combined total of carried interest income and management fees from each of our funds. One exception is the Non-Controlling Interest related to certain individuals who receive an allocation of income from certain of our credit management companies, which is deducted from ENI to better reflect the performance attributable to shareholders.

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. A reconciliation of ENI to our U.S. GAAP net income (loss) attributable to Apollo can be found in the notes to our condensed consolidated financial statements.

Operating Metrics

We monitor certain operating metrics that are common to the alternative investment 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 investments we manage or with respect to which we have control. Our AUM equals the sum of:

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

(ii) the net asset value, or NAV, of our credit funds, other than certain senior credit funds, which are structured as collateralized loan obligations (such as Artus, which we measure by using the mark-to-market value of the aggregate principal amount of the underlying collateralized loan obligations) or certain collateralized loan obligation (CLOs) and collateralized debt obligation (CDOs) credit funds that have a fee generating basis other than mark-to-market asset values, plus used or available leverage and/or capital commitments;

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

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

(v) the fair value of any other 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.

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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 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.

Assets Under Management Fee-Generating/Non-Fee Generating

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

Non-fee generating AUM consists of assets that do not produce management fees or monitoring fees. These assets generally consist of the following: (a) fair value above invested capital for those funds that earn management fees based on invested capital, (b) net asset values related to general partner interests and co-investments, (c) unused credit facilities, (d) available commitments on those funds that generate management fees on invested capital, (e) structured portfolio vehicle investments that do not generate monitoring fees and (f) the difference between gross assets 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.

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The table below displays fee-generating and non-fee generating AUM by segment as of September 30, 2012 and 2011 and December 31, 2011. The changes in market conditions, additional funds raised and acquisitions have had significant impacts to our AUM:

	As of September 30,		As of December 31,
	2012	2011	2011
		(in millions)	
Total Assets Under Management	$ 109,702[1]	$ 65,085	$ 75,222
Fee-generating	77,676	49,651	58,121
Non-fee generating	32,026[1]	15,434	17,101
Private Equity	38,983	34,779	35,384
Fee-generating	28,146	27,786	28,031
Non-fee generating	10,837	6,993	7,353
Credit	60,107	22,406	31,867
Fee-generating	45,302	18,507	26,553
Non-fee generating	14,805	3,899	5,314
Real Estate	8,129	7,900	7,971
Fee-generating	4,228	3,358	3,537
Non-fee generating	3,901	4,542	4,434

(1) Includes $2.5 billion of commitments that have yet to be deployed to an Apollo fund within our three segments.

During the nine months ended September 30, 2012, our total fee-generating AUM increased primarily due to increases in other inflows/acquisitions in credit and subscriptions/capital raised across our three segments. The fee-generating AUM of our credit funds increased during the nine months ended September 30, 2012 primarily due to the acquisition of Stone Tower, as well as increased subscriptions/capital raised and leverage. The fee-generating AUM of our real estate segment increased primarily due to additional subscriptions and net segment transfers from other segments partially offset by distributions. The fee-generating AUM of our private equity funds increased primarily due to subscriptions, income and movements between fee generating and non-fee generating AUM offset by distributions.

When the fair value of an investment exceeds invested capital, we are normally entitled to carried interest income on the difference between the fair value once realized and invested capital after also considering certain expenses and preferred return amounts, as specified in the respective partnership agreements; however, we generally do not earn management fees on such excess. As a result of the growth in both the size and number of funds that we manage, we have experienced an increase in our management fees and advisory and transaction fees. To support this growth, we have also experienced an increase in operating expenses, resulting from hiring additional personnel, opening new offices to expand our geographical reach and incurring additional professional fees.

With respect to our private equity funds and certain of our credit and real estate 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 disposition of investments. 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. With respect to ARI and AMTG, we receive management fees on stockholders equity as defined in the respective management agreements. In addition, our fee-generating AUM reflects leverage vehicles that generate monitoring fees on value in excess of fund commitments. With respect to ARI and AMTG, both of which are publicly traded on the New York Stock Exchange, we receive management fees on stockholders equity as defined in the respective management agreements. As of September 30, 2012, our total fee-generating AUM was comprised of approximately 91% of assets that earned management fees and the remaining balance of assets earned monitoring fees.

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The Company s entire fee-generating AUM is subject to management or monitoring fees. The components of fee-generating AUM by segment as of September 30, 2012 and 2011 are presented below:

	As of September 30, 2012			
	Private Equity	Credit	Real Estate	Total
	(in millions)			
Fee-generating AUM based on capital commitments	$ 15,427	$ 4,152	$ 265	$ 19,844
Fee-generating AUM based on invested capital	8,070	3,262	1,848	13,180
Fee-generating AUM based on gross/adjusted assets	881	28,267	1,861[4]	31,009
Fee-generating AUM based on leverage[1]	3,768	3,245		7,013
Fee-generating AUM based on NAV		6,376	254	6,630
Total Fee-Generating AUM	$ 28,146[2]	$ 45,302[3]	$ 4,228	$ 77,676

(1) Monitoring fees are normally based on the total value of certain special purpose vehicle investments, which includes leverage, less any portion of such total value that is already considered for fee-generating AUM. Monitoring fees are typically calculated using a 0.5% annual rate.
(2) The weighted average remaining life of the private equity funds excluding permanent capital vehicles at September 30, 2012 was 67 months.
(3) The fee-generating AUM for the credit funds has no concentration across the investment strategies.
(4) The fee-generating AUM for our real estate entities is based on an adjusted equity amount as specified by the respective management agreements.

	As of September 30, 2011			
	Private Equity	Credit	Real Estate	Total
	(in millions)			
Fee-generating AUM based on capital commitments	$ 14,589	$ 2,501	$ 281	$ 17,371
Fee-generating AUM based on invested capital	8,516	2,898	1,845	13,259
Fee-generating AUM based on gross/adjusted assets	941	7,573	1,005[4]	9,519
Fee-generating AUM based on leverage[1]	3,740	3,544		7,284
Fee-generating AUM based on NAV		1,991	227	2,218
Total Fee-Generating AUM	$ 27,786[2]	$ 18,507[3]	$ 3,358	$ 49,651

(1) Monitoring fees are normally based on the total value of certain special purpose vehicle investments, which includes leverage, less any portion of such total value that is already considered for fee-generating AUM. Monitoring fees are typically calculated using a 0.5% annual rate.
(2) The weighted average remaining life of the private equity funds excluding permanent capital vehicles at September 30, 2011 was 66 months.
(3) The fee-generating AUM for the credit funds has no concentration across the investment strategies.
(4) The fee-generating AUM for our real estate entities is based on an adjusted equity amount as specified by the respective management agreements.

The following table presents total Assets Under Management and Fee-Generating Assets Under Management amounts for our private equity segment by strategy:

	Total AUM			Fee Generating AUM		
	As of September 30,		As of December 31,	As of September 30,		As of December 31,
	2012	2011	2011	2012	2011	2011
	(in millions)					
Traditional Private Equity Funds	$ 36,966	$ 33,143	$ 33,671	$ 26,288	$ 26,440	$ 26,425
ANRP	898	303	561	896	300	559
AAA	1,119	1,333	1,152	962	1,046	1,047
Total	$ 38,983	$ 34,779	$ 35,384	$ 28,146	$ 27,786	$ 28,031

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The following table presents total Assets Under Management and Fee-Generating Assets Under Management amounts for our credit segment by strategy:

	Total AUM			Fee Generating AUM		
	As of September 30,		As of December 31,	As of September 30,		As of December 31,
	2012	2011	2011	2012	2011	2011
	(in millions)					
Distressed and Event-Driven Hedge Funds	$ 1,909	$ 2,055	$ 1,867	$ 1,832	$ 1,940	$ 1,783
Mezzanine Funds	4,023	3,909	3,904	3,083	3,249	3,229
Senior Credit Funds	17,002	11,414	15,405	12,090	8,695	11,931
Non-Performing Loan Fund	5,251	1,746	1,935	3,309	1,689	1,636
Other[(1)]	31,922	3,282	8,756	24,988	2,934	7,974
Total	$ 60,107	$ 22,406	$ 31,867	$ 45,302	$ 18,507	$ 26,553

(1) Includes strategic investment accounts and investments managed by Athene Asset Management LLC and investments held by Stone Tower funds/CLOs.

The following table presents total Assets Under Management and Fee-Generating Assets Under Management amounts for our real estate segment by strategy:

	Total AUM			Fee Generating AUM		
	As of September 30,		As of December 31	As of September 30,		As of December 31,
	2012	2011	2011	2012	2011	2011
	(in millions)					
Fixed Income	$ 4,347	$ 3,908	$ 4,042	$ 2,006	$ 1,153	$ 1,411
Equity	3,782	3,992	3,929	2,222	2,205	2,126
Total	$ 8,129	$ 7,900	$ 7,971	$ 4,228	$ 3,358	$ 3,537

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The following tables summarize changes in total AUM and total AUM for each of our segments for the three and nine months ended September 30, 2012 and 2011:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011[1]	2012	2011[1]
	(in millions)			
Change in Total AUM:				
Beginning of Period	$ 104,893[2]	$ 71,714	$ 75,222	$ 67,551
Income (Loss)	3,616	(8,395)	8,453	(4,096)
Subscriptions/Capital raised	1,538	1,054	8,130	2,940
Other inflows/Acquisitions		1,396	19,928	1,396
Distributions	(2,367)	(645)	(5,950)	(3,782)
Redemptions	(283)	(156)	(1,036)	(295)
Leverage	2,305	117	4,955	1,371
End of Period	$ 109,702[2]	$ 65,085	$ 109,702[2]	$ 65,085
Change in Private Equity AUM:				
Beginning of Period	$ 38,228	$ 40,430	$ 35,384	$ 38,799
Income (Loss)	2,017	(5,829)	5,765	(3,159)
Subscriptions/Capital raised	247	157	275	157
Distributions	(1,438)	(202)	(3,016)	(2,411)
Net segment transfers	110	64	267	228
Leverage	(181)	159	308	1,165
End of Period	$ 38,983	$ 34,779	$ 38,983	$ 34,779
Change in Credit AUM:				
Beginning of Period	$ 56,108	$ 23,684	$ 31,867	$ 22,283
Income (Loss)	1,346	(2,454)	2,281	(1,208)
Subscriptions/Capital raised	1,207	741	4,335	2,546
Other inflows/Acquisitions		1,396	19,928	1,396
Distributions	(633)	(344)	(1,878)	(965)
Redemptions	(283)	(156)	(763)	(295)
Net segment transfers	(99)	(469)	(738)	(1,226)
Leverage	2,461	8	5,075	(125)
End of Period	$ 60,107	$ 22,406	$ 60,107	$ 22,406
Change in Real Estate AUM:				
Beginning of Period	$ 7,861	$ 7,600	$ 7,971	$ 6,469
Income (Loss)	253	(112)	407	271
Subscriptions/Capital raised	84	156	473	237
Distributions	(296)	(99)	(1,056)	(406)
Redemptions[3]			(273)[3]	
Net segment transfers	202	405	1,035	998
Leverage	25	(50)	(428)	331
End of Period	$ 8,129	$ 7,900	$ 8,129	$ 7,900

(1) Reclassified to conform to current period s presentation.
(2) Includes $2.7 billion and $2.5 billion of commitments that have yet to be deployed to an Apollo fund within our three segments at the end of the second quarter and third quarter of 2012, respectively.
(3) Includes $273 million of released unfunded commitments primarily related to two legacy CPI real estate funds that were past their investment periods.

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The following tables summarize changes in total fee-generating AUM and fee-generating AUM for each of our segments for the three and nine months ended September 30, 2012 and 2011:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in millions)			
Change in Total Fee-Generating AUM:				
Beginning of Period	$ 77,449	$ 48,851	$ 58,121	$ 47,037
Income (Loss)	352	(1,535)	641	(541)
Subscriptions/Capital raised	1,328	1,041	4,351	1,870
Other inflows/Acquisitions		1,396	17,576	1,396
Distributions	(966)	(148)	(2,420)	(600)
Redemptions	(278)	(137)	(738)	(255)
Net movements between Fee Generating and Non-Fee Generating	72	150	(546)	250
Leverage	(281)	33	691	494
End of Period	$ 77,676	$ 49,651	$ 77,676	$ 49,651
Change in Private Equity Fee-Generating AUM:				
Beginning of Period	$ 27,754	$ 27,729	$ 28,031	$ 27,874
(Loss) Income	(2)	(152)	132	(180)
Subscriptions/Capital raised	240	151	268	151
Distributions	(365)	(22)	(716)	(256)
Net segment transfers		(93)		(28)
Net movements between Fee Generating and Non-Fee Generating	121	150	360	150
Leverage	398	23	71	75
End of Period	$ 28,146	$ 27,786	$ 28,146	$ 27,786
Change in Credit Fee-Generating AUM:				
Beginning of Period	$ 45,509	$ 18,064	$ 26,553	$ 16,484
Income (Loss)	320	(1,319)	449	217
Subscriptions/Capital raised	1,028	736	3,809	1,477
Other inflows/Acquisitions		1,396	17,576	1,396
Distributions	(418)	(39)	(1,322)	(270)
Redemptions	(278)	(137)	(738)	(255)
Net segment transfers	(129)	(204)	(718)	(530)
Net movements between Fee Generating and Non-Fee Generating	(51)		(927)	
Leverage	(679)	10	620	(12)
End of Period	$ 45,302	$ 18,507	$ 45,302	$ 18,507
Change in Real Estate Fee-Generating AUM:				
Beginning of Period	$ 4,186	$ 3,058	$ 3,537	$ 2,679
Income (Loss)	34	(64)	60	(578)
Subscriptions/Capital raised	60	154	274	242
Distributions	(183)	(87)	(382)	(74)
Net segment transfers	129	297	718	558
Net movements between Fee Generating and Non-Fee Generating	2		21	100
Leverage				431
End of Period	$ 4,228	$ 3,358	$ 4,228	$ 3,358

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Private Equity

During the three months ended September 30, 2012, the AUM in our private equity segment increased by $0.8 billion, or 2.0%. This increase was primarily a result of income of $2.0 billion attributable to improved unrealized gains in our private equity funds, including $1.8 billion from Fund VII. Also contributing to this increase was an additional $0.2 billion in subscriptions from AION Capital Partners Limited (AION), and additional subscriptions from Apollo Natural Resources Partners (ANRP). Partially offsetting this increase was $1.4 billion in distributions, including $0.8 billion from Fund VII and $0.5 billion from Fund V.

During the three months ended September 30, 2011, the AUM in our private equity segment decreased by $5.7 billion, or 14.0%. This decrease was a result of $5.8 billion of losses that were primarily attributable to unrealized losses in our private equity funds, including $3.1 billion and $2.2 billion in Fund VI and Fund VII, respectively. Also contributing to the decrease was an additional $0.2 billion in distributions, primarily from Fund VI and VII. Partially offsetting this decrease was $0.2 billion in subscriptions.

During the nine months ended September 30, 2012, the AUM in our private equity segment increased by $3.6 billion, or 10.2%. This increase was primarily a result of income of $5.8 billion attributable to improved unrealized gains in our private equity funds, including $3.4 billion from Fund VII. In addition, also contributing to this increase was an additional $0.3 billion in subscriptions from AION and ANRP. Offsetting this increase was $3.0 billion in distributions, including $1.5 billion from Fund VII and $0.9 billion from Fund VI.

During the nine months ended September 30, 2011, the AUM in our private equity segment decreased by $4.0 billion, or 10.4%. This decrease was a result of $3.2 billion of losses that were primarily attributable to unrealized losses in our private equity funds, including $1.9 billion in Fund VI and $1.2 billion in Fund VII. In addition, there were distributions of $2.4 billion, including $0.8 billion from Fund VII and $0.7 billion each in Fund IV and Fund VI, respectively. Partially offsetting this decrease was $1.2 billion in leverage, primarily from Fund VII with $0.9 billion and subscriptions of $0.2 billion.

Credit

During the three months ended September 30, 2012, AUM in our credit segment increased by $4.0 billion, or 7.1%. This increase was primarily attributable to an increase in leverage of $2.5 billion, mostly driven by AMTG, and additional subscriptions of $1.2 billion, including $0.4 billion each by AMTG and EPF II. The increase was also a result of $1.3 billion of income attributable to improved unrealized gains in our credit funds, including $0.5 billion from COF I. This increase was partially offset by $0.6 billion of distributions, including a total of $0.3 billion from COF I and COF II.

During the three months ended September 30, 2011, AUM in our credit segment decreased by $1.3 billion, or 5.4%. This decrease was primarily attributable to $2.5 billion in unrealized losses in our credit funds, primarily attributable to lower investment valuations, including $0.8 billion in COF I, and $0.3 billion each in COF II and AINV. The decrease was also due to $0.5 billion in distributions and redemptions, primarily from EPF I. Partially offsetting this decrease was $2.1 billion in subscriptions and acquisitions, primarily relating to the acquisition of management agreements for Athene Asset Management and a new managed account.

During the nine months ended September 30, 2012, AUM in our credit segment increased by $28.2 billion, or 88.6%. This increase was primarily attributable to $19.9 billion in acquisitions, including $18.5 billion related to Stone Tower, and $5.1 billion in increased leverage, including $3.4 billion from AMTG. The increase was also a result of $4.3 billion of additional subscriptions, including $2.1 billion by EPF II, $0.6 billion by Apollo Centre Street Partnership, L.P. (ACSP) and $0.4 billion by AMTG. This increase was partially offset by $1.9 billion of distributions, including $0.8 billion from COF I and COF II and $0.2 billion from EPF I.

During the nine months ended September 30, 2011, AUM in our credit segment decreased by $0.1 billion, or 0.6%. This decrease was attributable to $1.2 billion of losses that were primarily attributable to

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unrealized losses in our credit funds, including $0.6 billion, $0.3 billion and $0.2 billion in COF I, COF II and AINV, respectively, and distributions and redemptions of $1.3 billion, including $0.3 billion and $0.2 billion to EPF and COF II, respectively, and $0.1 billion each for AINV, AIE I, CLF and COF I. Offsetting this increase was $3.9 billion of subscriptions and acquisitions, primarily due to the acquisition of management agreements for Athene Asset Management and managed accounts.

Real Estate

During the three months ended September 30, 2012, AUM in our real estate segment increased by $0.3 billion, or 3.4%. This increase was primarily a result of income of $0.3 billion attributable to improved unrealized gains in our real estate funds, including $0.1 billion from the CPI Funds. In addition, also contributing to this increase was $0.2 billion in net transfers from other segments and $0.1 billion of additional capital raised by ARI. Offsetting this increase was $0.3 billion in distributions, including $0.2 billion from the CPI Funds.

During the three months ended September 30, 2011, AUM in our real estate segment increased by $0.3 billion, or 3.9%. This increase was primarily attributable to net segment transfers from other segments of $0.4 billion. Also contributing to this increase was $0.2 billion in additional subscriptions, including $0.1 billion from AGRE Debt Fund I, LP. Partially offsetting this increase was $0.1 billion of losses primarily attributable to unrealized losses in our real estate funds and $0.1 billion of distributions.

During the nine months ended September 30, 2012, AUM in our real estate segment increased by $0.2 billion, or 2.0%. This increase was primarily a result of $1.0 billion in net transfers from other segments and additional subscriptions of $0.5 billion, including $0.2 billion from a real estate investment. In addition, also contributing to this increase was income of $0.4 billion attributable to improved unrealized gains in our real estate funds, including $0.2 billion from the CPI Funds. Partially offsetting this increase was of $1.1 billion in distributions, including $0.8 billion from the CPI Funds.

During the nine months ended September 30, 2011, AUM in our real estate segment increased by $1.4 billion, or 22.1%. This increase was primarily attributable to net segment transfers from other segments of $1.0 billion. Also impacting this change was an increase in leverage of $0.3 billion, primarily for the AGRE CMBS Accounts. In addition, there was $0.3 billion of income that was primarily attributable to improved unrealized gains in our real estate funds. This increase was offset by $0.4 billion of distributions.

See Segment Analysis, which includes a detailed discussion of the impact that significant changes in our AUM within our private equity, credit and real estate segments had on our revenues by segment.

Private Equity Dollars Invested and Uncalled Private Equity Commitments

Private equity dollars invested represents the aggregate amount of capital invested by our private equity funds during a reporting period. Uncalled private equity commitments, by contrast, represent unfunded commitments by investors in our private equity funds to contribute capital to fund future investments or expenses incurred by the funds, fees and applicable expenses as of the reporting date. Private equity dollars invested and uncalled private equity commitments are indicative of the pace and magnitude of fund capital that is deployed or will be deployed, and which therefore could result in future revenues that include transaction fees and incentive income. Private equity dollars invested and uncalled private equity commitments can also give rise to future costs that are related to the hiring of additional resources to manage and account for the additional capital that is deployed or will be deployed. Management uses private equity dollars invested and uncalled private equity commitments as key operating metrics since we believe the results measure our investment activities.

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The following table summarizes the private equity dollars invested during the specified reporting periods:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in millions)			
Private equity dollars invested	$ 78	$ 757	$ 2,719	$ 2,124

The following table summarizes the uncalled private equity commitments as of September 30, 2012, December 31, 2011 and September 30, 2011:

	As of September 30, 2012	As of December 31, 2011	As of September 30, 2011
		(in millions)	
Uncalled private equity commitments	$ 7,105	$ 8,204	$ 9,376

The Historical Investment Performance of Our Funds

Below we present information relating to the historical performance of our funds, including certain legacy Apollo funds that do not have a meaningful amount of unrealized investments, and in respect of which the general partner interest has not been contributed to us.

When considering the data presented below, you should note that the historical results of our funds are not indicative of the future results that you should expect from such funds, from any future funds we may raise or from your investment in our Class A shares. An investment in our Class A shares is not an investment in any of the Apollo funds, and the assets and revenues of our funds are not directly available to us. As a result of the deconsolidation of most of our funds, we have not consolidated 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 of our Class A shares. There can be no assurance that any Apollo fund will continue to achieve the same results in the future.

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

- market conditions during previous periods were significantly more favorable for generating positive performance, particularly in our private equity business, than the market conditions we have experienced for the last few years and may experience in the future;
- our funds returns have benefited from investment opportunities and general market conditions that currently do not exist and may not repeat themselves, and there can be no assurance that our current or future funds will be able to avail themselves of profitable investment opportunities;
- our private equity funds rates of return, which are calculated on the basis of net asset value of the funds investments, reflect unrealized gains, which may never be realized;
- our funds returns have benefited from investment opportunities and general market conditions that may not repeat themselves, including the availability of debt capital on attractive terms and the availability of distressed debt

opportunities, and we may not be able to achieve the same returns or profitable investment opportunities or deploy capital as quickly;

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the historical returns that we present are derived 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 realized investment track record;

Fund VI and Fund VII are several times larger than our previous private equity funds, and this additional capital may not be deployed 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 credit and real estate funds is relatively short as compared to our private equity funds;

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

our newly established funds may generate lower returns during the period that they take to deploy their capital; consequently, we do not provide return information for any funds which have not been actively investing capital for at least 24 months prior to the valuation date as we believe this information is not meaningful.

Finally, our private equity IRRs have historically varied greatly from fund to fund. For example, Fund IV has generated a 12% gross IRR and a 9% net IRR since its inception through September 30, 2012, while Fund V has generated a 61% gross IRR and a 44% net IRR since its inception through September 30, 2012. Accordingly, the IRR going forward for any current or future fund may vary considerably from the historical IRR generated by any particular fund, or for our private equity funds as a whole. Future returns will also be affected by the applicable risks, including risks of the industries and businesses in which a particular fund invests. See Item 1A. 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, in our Form 10-K for the year ended December 31, 2011 filed with the SEC on March 9, 2012.

Investment Record

Private Equity

The following table summarizes the investment record of our private equity fund portfolios. All amounts are as of September 30, 2012, unless otherwise noted:

									As of September 30, 2012		As of December 31, 2011	
	Vintage Year	Committed Capital	Total Invested Capital	Committed Capital Less Unfunded Commitments	Realized	Unrealized[1]	Total Value	Gross IRR	Net IRR	Gross IRR	Net IRR
				($ in millions)							
ANRP[2]	2012	$ 915	$ 195	$ 216	$	$ 189	$ 189	NM[2]	NM[2]	N/A	N/A
Fund VII	2008	14,676	13,188	10,009	8,134	13,508	21,642	35%	26%	31%	22%
Fund VI	2006	10,136	11,807	9,065	5,422	10,435	15,857	9	8	6	5
Fund V	2001	3,742	5,192	3,742	11,602	1,168	12,770	61	44	61	44
Fund IV	1998	3,600	3,481	3,600	6,757	53	6,810	12	9	12	9
Fund III	1995	1,500	1,499	1,500	2,654	43	2,697	18	11	18	12
Fund I, II & MIA[3]	1990/92	2,220	3,773	2,220	7,924		7,924	47	37	47	37

Totals	$ 36,789	$ 39,135	$ 30,352	$ 42,493	$ 25,396	$ 67,889	39%[4]	25%[4]	39%[4]	25%[4]

(1) Figures include the market values, estimated fair value of certain unrealized investments and capital committed to investments.
(2) Apollo Natural Resources Partners, L.P. (ANRP) commenced investing capital less than 24 months prior to the period indicated. Given the limited investment period and overall longer investment period for private equity funds, the return information was deemed not meaningful.

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(3) Fund I and Fund II were structured such that investments were made from either fund depending on which fund had available capital. We do not differentiate between Fund I and Fund II investments for purposes of performance figures because they are not meaningful on a separate basis and do not demonstrate the progression of returns over time. The general partners and managers of Funds I, II and MIA, as well as the general partner of Fund III were excluded assets in connection with the 2007 Reorganization of Apollo Global Management, LLC. As a result, Apollo Global Management, LLC did not receive the economics associated with these entities. The investment performance of these funds is presented to illustrate fund performance associated with our managing partners and other investment professionals.

(4) Total IRR is calculated based on total cash flows for all funds presented.

The following table summarizes the investment record for distressed investments made in our private equity fund portfolios since the Company s inception. All amounts are as of September 30, 2012:

	Total Invested Capital	Total Value	Gross IRR[1]
	(in millions)		
Distressed for Control	$ 5,059	$ 14,149	29%
Non-Control Distressed	5,954	7,936	73%
Total	$ 11,013	$ 22,085	49%
Buyout Equity, Portfolio Company Debt and Other	28,122	45,804	21%
Total	$ 39,135	$ 67,889	39%

(1) IRR information is presented gross and does not give effect to management fees, incentive compensation, certain other expenses and taxes.

The following tables provide additional detail on the composition of our Fund VII, Fund VI and Fund V private equity portfolios based on investment strategy. All amounts are as of September 30, 2012.

Fund VII

	Total Invested Capital	Total Value
	(in millions)	
Buyout Equity and Portfolio Company Debt	$ 8,271	$ 14,282
Other Credit & Classic Distressed	4,917	7,360
Total	$ 13,188	$ 21,642

Fund VI

	Total Invested Capital	Total Value
	(in millions)	
Buyout Equity and Portfolio Company Debt	$ 9,661	$ 12,518
Other Credit & Classic Distressed	2,146	3,339
Total	$ 11,807	$ 15,857

Fund V

	Total Invested Capital	Total Value
	(in millions)	
Buyout Equity	$ 4,412	$ 11,811
Classic Distressed	780	959
Total	$ 5,192	$ 12,770

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Credit

The following table summarizes the investment record for certain funds with a defined maturity date and internal rate of return since inception, which is computed for the purposes of this table based on the actual dates of capital contributions, distributions and ending limited partners capital as of the specified date. All amounts are as of September 30, 2012, unless otherwise noted:

								As of September 30, 2012		As of December 31, 2011	
	Strategy	Vintage Year	Committed Capital	Total Invested Capital	Realized	Unrealized[1]	Total Value	Gross IRR	Net IRR	Gross IRR	Net IRR
					(in millions)						
ACRF II[2]	Other	2012	85.2	68.2	1.4	75.3	76.7	NM[4]	NM[4]	NM[4]	NM[4]
EPF II[3][5]	Non-Performing	2012	2,562.0	134.4	11.0	140.2	151.2	NM[4]	NM[4]	NM[4]	NM[4]
FCI[3]	Other	2012	558.8	322.7	15.0	318.1	333.1	NM[4]	NM[4]	NM[4]	NM[4]
AESI[3][5]	Senior Credit	2011	457.1	331.5	115.2	249.2	364.4	NM[4]	NM[4]	NM[4]	NM[4]
AEC[3]	Senior Credit	2011	270.3	146.5	65.3	111.5	176.8	NM[4]	NM[4]	NM[4]	NM[4]
AIE II[5]	Mezzanine	2008	265.5	822.9	873.5	327.5	1,201.0	19.3%	15.5%	18.2%	14.2%
COF I	Senior Credit	2008	1,484.9	1,611.3	1,387.2	2,426.8	3,814.0	30.2	27.2	25.0	22.4
COF II	Senior Credit	2008	1,583.0	2,176.4	1,598.6	1,398.9	2,997.5	14.0	11.7	10.3	8.5
EPF I[5]	Non-Performing	2007	1,665.2	1,842.9	1,157.2	1,276.3	2,433.5	18.5	11.2	16.6	8.8
ACLF	Senior Credit	2007	984.0	1,448.5	1,804.6	319.7	2,124.3	11.9	11.1	10.1	9.2
Artus	Senior Credit	2007	106.6	190.1	74.1	139.8	213.9	4.7	4.6	3.6	3.4
Totals			$ 10,022.6	$ 9,095.4	$ 7,103.1	$ 6,783.3	$ 13,886.4				

(1) Figures include the market values, estimated fair value of certain unrealized investments and capital committed to investments.
(2) As part of the Stone Tower acquisition, Apollo acquired the manager of Apollo Structured Credit Recovery Master Fund II, Ltd. (ACRF II). Apollo became the manager of this fund upon completing the acquisition on April 2, 2012.
(3) Apollo European Principal Finance Fund II, L.P. (EPF II), Apollo European Strategic Investment, L.P. (AESI) and Apollo European Credit Master Fund, L.P. (AEC) were launched during 2011 and have not established their vintage year. Financial Credit Investment I, L.P. (FCI) had its final capital raise in 2012, establishing its vintage year.
(4) Returns have not been presented as the fund commenced investing capital less than 24 months prior to the period indicated and therefore such return information was deemed not meaningful.
(5) Certain funds are denominated in Euros and translated into U.S. dollars at an exchange rate of 1.00 to $1.29 as of September 30, 2012.

The following table summarizes the investment record for certain funds with no maturity date, except AP Investment Europe Limited (AIE I), which is winding down and is therefore expected to have a finite life. All amounts are as of September 30, 2012, unless otherwise noted:

					Net Return			
	Strategy	Vintage Year	Current Net Asset Value as of September 30, 2012	Since Inception to September 30, 2012	For the Nine Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011	Since Inception to December 31, 2011	For the Year Ended December 31, 2011
			(in millions)					
ACSF[2]	Other	2011	161.2	NM[1]	NM[1]	NM[1]	NM[1]	NM[1]
STCS[2]	Other	2010	92.6	NM[1]	NM[1]	NM[1]	NM[1]	NM[1]
ACF[2]	Other	2005	1,632.1	NM[1][2]	NM[1][2]	NM[1][2]	NM[1][2]	NM[1][2]

ACSP[1][3]	Senior Credit	2012	201.7	NM[1]	NM[1]	N/A	NM[1]	NM[1]
AMTG[1][4]	Other	2011	691.4[4]	NM[1]	NM[1]	N/A	NM[1]	NM[1]
AFT[1][5]	Senior Credit	2011	292.6	NM[1]	NM[1]	NM[1]	NM[1]	NM[1]
AAOF	Distressed and Event Driven	2007	60.8	(1.0)%	(7.8)%	(4.8)	7.4%	(7.3)%
SOMA[6]	Distressed and Event Driven	2007	830.7	43.6	14.1	(11.1)	25.9	(10.5)
AIE I[7]	Mezzanine Fund	2006	5.4	(57.4)	(0.5)	3.5	(50.0)	(4.4)
AINV[8]	Mezzanine Fund	2004	1,715.5	49.2	11.8	(8.7)	34.1	(5.1)
Value Funds[9]	Distressed and Event Driven	2003/2006	797.9	65.2	10.1	(10.7)	50.0	(9.6)
Totals			$ 6,481.9					

(1) Returns have not been presented as the fund commenced investing capital less than 24 months prior to the period indicated and therefore such return information was deemed not meaningful.

(2) As part of the Stone Tower acquisition, Apollo acquired the manager of Apollo Credit Strategies Master Fund Ltd. (ACSF), Stone Tower Credit Solutions Master Fund Ltd. (STCS), and Apollo Credit Master Fund Ltd (ACF). As of September 30, 2011, the net IRR from inception for ACF was (10.1)%, which was primarily achieved during a period in which Apollo did not make the initial investment decisions. Apollo became the manager of these funds upon completing the acquisition on April 2, 2012.

(3) Apollo Centre Street Partnership, L.P. (ACSP) is a strategic investment account with $615.0 million of committed capital.

(4) In July 2011, Apollo Residential Mortgage, Inc. (AMTG) completed its initial public offering raising approximately $203.0 million in net proceeds.

(5) The Apollo Senior Floating Rate Fund Inc. (AFT) completed its initial public offering during the first quarter of 2011. Refer to www.agmfunds.com for the most recent financial information on AFT.

(6) SOMA s NAV and returns are for the primary mandate, which follows similar strategies as the Value Funds and excludes SOMA s investments in other Apollo funds.

(7) Fund is denominated in Euros and translated into U.S. dollars at an exchange rate of 1.00 to $1.29 as of September 30, 2012.

(8) Net return for AINV represents NAV return including reinvested dividends.

(9) Value Funds consist of Apollo Strategic Value Master Fund, L.P., together with its feeder funds (SVF) and Apollo Value Investment Master Fund, L.P., together with its feeder funds (VIF).

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Real Estate

The following table summarizes the investment record for certain funds with a defined maturity date and internal rate of return since inception, which for the purposes of this table is computed based on the actual dates of capital contributions, distributions and ending limited partners capital as of the specified date. All amounts are as of September 30, 2012, unless otherwise noted.

								As of September 30, 2012		As of December 31, 2011	
	Vintage Year	Raised Capital	Current Net Asset Value	Total Invested Capital	Realized	Unrealized[1]	Total Value	Gross IRR	Net IRR	Gross IRR	Net IRR
					(in millions)						
AGRE U.S. Real Estate Fund, L.P[2][3]	2012	$ 785.2	$ 136.4	$ 142.7	$	$ 142.1	$ 142.1	NM[2]	NM[2]	NM[2]	NM[2]
AGRE Debt Fund I, LP[2]	2011	155.5	155.7	155.0		155.0	155.0	NM[2]	NM[2]	NM[2]	NM[2]
2011 A4 Fund, L.P.[2]	2011	234.7	241.4	930.8		960.2	960.2	NM[2]	NM[2]	NM[2]	NM[2]
AGRE CMBS Fund, L.P.	2009	418.8	168.2	1,572.9		701.3	701.3	14.0%	11.6%	NM[2]	NM[2]
CPI Capital Partners North America[4]	2006	600.0	132.3	451.9	240.5	102.5	343.0	NM[4]	NM[4]	NM[4]	NM[4]
CPI Capital Partners Asia Pacific[4]	2006	1,291.6	424.5	1,113.3	1,054.3	420.8	1,475.1	NM[4]	NM[4]	NM[4]	NM[4]
CPI Capital Partners Europe[4][5]	2006	1,494.2	468.7	951.6	67.0	457.8	524.8	NM[4]	NM[4]	NM[4]	NM[4]
CPI Other	Various	3,175.5	993.2	N/A[6]	N/A[6]	N/A[6]	N/A[6]	NM[6]	NM[6]	NM[4]	NM[4]
Totals		$ 8,155.5	$ 2,720.4	$ 5,318.2	$ 1,361.8	$ 2,939.7	$ 4,301.5				

(1) Figures include estimated fair value of unrealized investments.
(2) Returns have not been presented as the fund commenced investing capital less than 24 months prior to the period indicated and therefore such return information was deemed not meaningful.
(3) AGRE U.S. Real Estate Fund, L.P., a newly formed closed-end private investment fund that intends to make real estate-related investments principally located in the United States, held closings in January 2011, June 2011 and April 2012 for a total of $263.2 million in base capital commitments and $450 million in additional capital commitments. Additionally, there was $72.0 million of co-invest commitments raised for an investment in the first quarter of 2012, which is included in the figures in the table above.
(4) As part of the CPI acquisition, Apollo acquired general partner interests in fully invested funds. The net IRRs from the inception of the respective fund to September 30, 2012 were (10.3)%, 6.0% and (13.8)% for the CPI Capital Partners North America, Asia Pacific and Europe funds, respectively. These net IRRs were primarily achieved during a period in which Apollo did not make the initial investment decisions and Apollo only became the general partner or manager of these funds upon completing the acquisition on November 12, 2010.
(5) CPI Capital Partners Europe is denominated in Euros and translated into U.S. dollars at an exchange rate of 1.00 to $1.29 as of September 30, 2012.
(6) CPI Other consists of funds or individual investments of which we are not the general partner or manager and only receive fees pursuant to either a sub-advisory agreement or an investment management and administrative agreement. CPI Other fund performance is a result of invested capital prior to Apollo s management of these funds. Return and certain other performance data is therefore not considered meaningful as we perform primarily an administrative role.

Apollo also manages Apollo Commercial Real Estate Finance, Inc. (NYSE: ARI), which as of September 30, 2012 had total raised capital and total stockholders equity of $440.4 million and $427.4 million, respectively.

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.

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The following table provides a summary of the cost and fair value of our funds investments by segment:

	As of September 30, 2012	As of December 31, 2011	As of September 30, 2011
		(in millions)	
Private Equity:			
Cost	$ 16,386	$ 15,956	$ 15,141
Fair Value	25,353	20,700	19,093
Credit:			
Cost	15,978	10,917	10,272
Fair Value	17,460	11,696	10,004
Real Estate:			
Cost	3,883	4,791	4,798
Fair Value	3,550	4,344	4,279

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 credit investments, we are entitled to receive fees for transactions related to the acquisition and, in certain instances, disposition of portfolio companies as well as fees for ongoing monitoring of portfolio company operations and directors fees. We also receive an advisory fee for advisory services provided to certain credit funds. In addition, monitoring fees are generated on certain special purpose vehicle investments. Under the terms of the limited partnership agreements for certain of our private equity and credit funds, the advisory and transaction fees earned are subject to a reduction of a percentage of such advisory and transaction fees (the Management Fee Offsets).

The Management Fee Offsets are calculated for each fund as follows:

65%-80% for private equity funds gross advisory, transaction and other special fees;

65%-80% for certain credit funds gross advisory, transaction and other special fees; and

100% for certain other credit funds gross advisory, transaction and other special fees.

These offsets are reflected as a decrease in advisory and transaction fees from affiliates on our condensed consolidated statements of operations.

Additionally, in the normal course of business, the management companies incur certain costs related to private equity funds (and certain credit funds) transactions that are not consummated, or broken deal costs. A portion of broken deal costs related to certain of our private equity funds, up to the total amount of advisory and transaction fees, are reimbursed by the unconsolidated funds (through reductions of the Management Fee Offsets described above), except for Fund VII and certain of our credit funds which initially bear all broken deal costs and these costs are factored into the Management Fee Offsets.

Management Fees from Affiliates. The significant growth of the assets we manage has had a positive effect on our revenues. Management fees are calculated based upon any of net asset value, gross assets, adjusted costs of all unrealized portfolio investments, capital commitments, invested capital, adjusted assets, capital contributions, or stockholders equity, each as defined in the applicable management agreement of the unconsolidated funds.

Carried Interest Income from Affiliates. The general partners of our funds, in general, are entitled to an incentive return that can amount to as much as 20% of the total returns on fund capital, depending

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upon performance of the underlying funds and subject to preferred returns and high water marks, as applicable. The carried interest income from affiliates is recognized in accordance with U.S. GAAP guidance applicable to accounting for arrangement fees based on a formula. In applying the U.S. GAAP guidance, the carried interest from affiliates for any period is based upon an assumed liquidation of the funds assets at the reporting date, and distribution of the net proceeds in accordance with the funds allocation provisions.

As of September 30, 2012, approximately 74% of the fair value of our fund investments was determined using market-based valuation methods (i.e., reliance on broker or listed exchange quotes) and the remaining 26% was determined primarily by comparable company and industry multiples or discounted cash flow models. For our private equity, credit and real estate segments, the percentage determined using market-based valuation methods as of September 30, 2012 was 64%, 86% and 49%, respectively. See Item 1A. Risk Factors Risks Related to Our Businesses Our private equity funds performance, and our performance, may be adversely affected by the financial performance of our portfolio companies and the industries in which our funds invest , in our Form 10-K for the year ended December 31, 2011 filed with the SEC on March 29, 2012 for discussion regarding certain industry-specific risks that could affect the fair value of our private equity funds portfolio company investments.

Carried interest income fee rates can be as much as 20% for our private equity funds. In our private equity funds, the Company does not earn carried interest income until the investors in the fund have achieved cumulative investment returns on invested capital (including management fees and expenses) in excess of an 8% hurdle rate. Additionally, certain of our credit funds have various carried interest rates and hurdle rates. Certain credit and real estate funds allocate carried interest to the general partner in a similar manner as the private equity funds. In our private equity, certain credit and certain real estate funds, so long as the investors achieve their priority returns, there is a catch-up formula whereby the Company earns a priority return for a portion of the return until the Company s carried interest income equates to its incentive fee rate for that fund; thereafter, the Company participates in returns from the fund at the carried interest income rate. Carried interest income is subject to reversal to the extent that the carried interest income distributed exceeds the amount due to the general partner based on a fund s cumulative investment returns. The accrual for potential repayment of previously received carried interest income represents all amounts previously distributed to the general partner that would need to be repaid to the Apollo funds if these funds were to be liquidated based on the current fair value of the underlying funds investments as of the reporting date. This actual general partner obligation, however, would not become payable or realized until the end of a fund s life.

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The table below presents an analysis of our (i) carried interest receivable as of September 30, 2012 and (ii) realized and unrealized carried interest (loss) income for our combined segments for the three and nine months ended September 30, 2012:

	As of September 30, 2012	For the Three Months Ended September 30, 2012			For the Nine Months Ended September 30, 2012		
	Carried Interest Receivable	Unrealized Carried Interest Income (Loss)	Realized Carried Interest Income (Loss)	Total Carried Interest Income (Loss)	Unrealized Carried Interest Income (Loss)	Realized Carried Interest Income (Loss)	Total Carried Interest Income (Loss)
				(in millions)			
Private Equity Funds:							
Fund VII	$ 1,007.9	$ 237.2	$ 116.4	$ 353.6	$ 539.1	$ 167.6	$ 706.7
Fund VI		(26.4)[2]	36.2	9.8	(94.9)[2]	141.7	46.8
Fund V	125.4	(58.8)	33.4	(25.4)	0.4	33.4	33.8
Fund IV	12.1	(1.0)	0.0	(1.0)	(5.8)	0.8	(5.0)
Other (AAA, Stanhope)	24.0	1.4	2.2	3.6	1.9	10.2	12.1
Total Private Equity Funds	1,169.4	152.4	188.2	340.6	440.7	353.7	794.4
Credit Funds:							
Distressed and Event-Driven Hedge Funds (Value Funds, SOMA, AAOF)	16.9	14.0[2]	0.6	14.6	18.4[2]	0.6	19.0
Mezzanine Funds (AIE II, AINV)	15.0	5.4	9.7	15.1	10.3	28.5	38.8
Non-Performing Loan Fund (EPF)	88.1	19.4		19.4	34.0		34.0
Senior Credit Funds (COF I, COF II, ACLF, AEC, AESI, CLOs)	279.8	99.4	32.8	132.2	189.0	66.1	255.1
Stone Tower Funds/CLOs	39.4	43.6	0.7	44.3	61.7	1.2	62.9
Sub-Advisory Arrangements	12.8	5.2	7.5	12.7	5.2	9.7	14.9
Total Credit Funds	452.0	187.0	51.3	238.3	318.6	106.1	424.7
Real Estate Funds:							
CPI Other	6.5	4.8		4.8	6.4	4.3	10.7
Total Real Estate Funds	6.5	4.8		4.8	6.4	4.3	10.7
Total	$ 1,627.9[1]	$ 344.2	$ 239.5	$ 583.7	$ 765.7	$ 464.1	$ 1,229.8

(1) There was a corresponding profit sharing payable of $825.6 million as of September 30, 2012 that results in a net carried interest receivable amount of $802.3 million as of September 30, 2012. Included within profit sharing payable are contingent consideration obligations of $134.5 million.

(2) See the table summarizing the fair value gains on investments and income needed to generate carried interest for funds and the related general partner obligation to return previously distributed carried interest income.

The general partners of the private equity, credit and real estate funds listed in the table above were accruing carried interest income as of September 30, 2012. As of September 30, 2012, Fund VII, Fund V and Fund IV were each above their hurdle rate of 8% and generating carried interest income. The investment manager of AINV accrues carried interest as it is realized. Additionally, COF I, COF II, ACLF, AESI, EPF I and ACRF II were each above their hurdle rates or preferred return of 8.0%, 7.5%, 10.0%, 8.0%, 8.0% and 8.0%, respectively, and generating

carried interest income.

The general partners of certain of our distressed and event-driven 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 distressed and event-driven hedge funds have investors with various high water marks and are subject to market conditions and investment performance. As of September 30, 2012, approximately 34.1% of the limited partners capital in the Value Funds was generating carried interest income.

Carried interest income from our private equity funds and certain credit and real estate 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. General partner obligations relating to such contingent repayment, if applicable, are disclosed by fund in the table below and are included in due to affiliates on the condensed

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consolidated statements of financial condition. As of September 30, 2012, there were no such general partner obligations related to our real estate funds. Carried interest receivables are reported on a separate line item within the condensed consolidated statements of financial condition.

The following table summarizes our carried interest income since inception through September 30, 2012:

	Carried Interest Income Since Inception				
	Undistributed by Fund and Recognized	Distributed by Fund and Recognized	Total Undistributed and Distributed by Fund and Recognized[1]	General Partner Obligation as of September 30, 2012[1]	Maximum Carried Interest Income Subject to Potential Reversal[2]
	(in millions)				
Private Equity Funds:					
Fund VII	$ 1,007.9	$ 491.7	$ 1,499.6	$	$ 1,317.5
Fund VI		266.3	266.3	170.2	
Fund V	125.4	1,311.0	1,436.4		205.4
Fund IV	12.1	593.3	605.4		27.0
Other (AAA, Stanhope)	24.0	16.4	40.4		23.9
Total Private Equity Funds	1,169.4	2,678.7	3,848.1	170.2	1,573.8
Credit Funds:					
Distressed and Event-Driven Hedge Funds (Value Funds, SOMA, AAOF)	16.9	150.0	166.9	3.9	16.9
Mezzanine Funds (AIE II)[3]	5.4	25.2	30.6		30.6
Non-Performing Loan Fund (EPF I)	88.1		88.1		88.1
Senior Credit Funds (COF I/COF II, ACLF, AESI, CLOs)[4]	303.5	184.9	488.4		487.8
Stone Tower Funds/CLOs[4]	138.4	33.6	172.0		136.8
Sub-Advisory Arrangements	12.8	2.2	15.0		12.8
Total Credit Funds	565.1	395.9	961.0	3.9	773.0
Real Estate Funds:					
CPI Other	6.5	4.3	10.8		6.5
Total Real Estate Funds	6.5	4.3	10.8		6.5
Total	$ 1,741.0	$ 3,078.9	$ 4,819.9	$ 174.1	$ 2,353.3

(1) Amounts were computed based on the fair value of fund investments on September 30, 2012. As a result, carried interest income has been allocated to and recognized by the general partner. Based on the amount of carried interest income allocated, a portion is subject to potential reversal or has been reduced by the general partner obligation to return previously distributed carried interest income or fees at September 30, 2012. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of the fund s investments based on contractual termination of the fund.

(2) Represents the amount of carried interest income that would be reversed if remaining fund investments became worthless on September 30, 2012. Amounts subject to potential reversal of carried interest income include amounts undistributed by a fund (i.e., the carried interest receivable), as well as a portion of the amounts that have been distributed by a fund, net of taxes not subject to a general partner obligation to return previously distributed carried interest income, except for Fund IV which is gross of taxes.

(3) Mezzanine Funds amounts exclude (i) AINV, as carried interest from this fund is not subject to contingent repayment and (ii) AIE I, as this fund is winding down.

(4) Undistributed by fund and recognized excludes $23.7 million and $99.0 million of eliminations in consolidation relating to the Senior Credit Funds and the Stone Tower Funds/CLOs, respectively.

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The following table summarizes the fair value gains on investments and income to reverse the general partner obligation to return previously distributed carried interest income based on the current fair value of the underlying funds investments as of September 30, 2012:

Fund	General Partner Obligation[1]	Fair Value of Investments as of September 30, 2012	Fair Value Gain on Investments and Income to Reverse General Partner Obligation[2]
		(in millions)	
Fund VI	$ 170.2	$ 10,435.5[3]	$ 394.9
SOMA	3.9	1,016.7[4]	3.9
Total	$ 174.1	$ 11,452.2	$ 398.8

(1) Based upon a hypothetical liquidation as of September 30, 2012, Apollo has recorded a general partner obligation to return previously distributed carried interest income, which represents amounts due to this fund. The actual determination and any required payment of a general partner obligation would not take place until the final disposition of the fund s investments based on contractual termination of the fund.

(2) The fair value gain on investments and income to reverse the general partner obligation is based on the life-to-date activity of the entire fund and assumes a hypothetical liquidation of the fund as of September 30, 2012.

(3) Represents fair value of investments.

(4) Represents net asset value.

Expenses

Compensation and Benefits. Our most significant expense is compensation and benefits expense. This consists of fixed salary, discretionary and non-discretionary bonuses, incentive fee compensation and profit sharing expense associated with the carried interest income earned from private equity funds and credit funds and 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 incentive 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 2007 Reorganization have been accounted for as partnership distributions rather than compensation and benefits expense. Refer to note 1 of our condensed consolidated financial statements for further discussion of the 2007 Reorganization. As a result, prior to the 2007 Reorganization, the condensed consolidated financial statements did not reflect compensation expense for services rendered by these individuals. Subsequent to the 2007 Reorganization, our Managing Partners were considered employees of Apollo. As such, payments for services made to these individuals, including the expense associated with AOG Units described below, have been recorded as compensation expense. The AOG Units were granted to the Managing Partners and Contributing Partners at the time of the Reorganization, as discussed in note 1 to our condensed consolidated financial statements.

In addition, certain professionals and selected other individuals have a profit sharing interest in the carried interest income earned in relation to our private equity and certain credit 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 generally based upon a fixed percentage of private equity and credit 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. Profit sharing amounts are normally distributed to employees after the corresponding investment gains have been realized and generally before preferred returns achieved for the investors. Therefore, changes in our unrealized gains (losses) for investments have the same effect on our profit sharing expense. Profit sharing expense increases when unrealized gains increase. Realizations only impact profit sharing expense to the extent that the effects on investments have not been recognized previously. If losses on other investments within a fund are subsequently realized, the profit sharing amounts previously distributed are normally subject to a general partner obligation to return carried interest income previously distributed back to the funds. This general partner obligation due to the funds would be realized only when the fund is liquidated, which generally occurs at the end of the fund s term. However, indemnification clauses also

exist for pre-reorganization realized gains, which, although our Managing Partners and

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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 12 to our condensed consolidated financial statements for further discussion of indemnification.

Salary expense for services rendered by our Managing Partners is limited to $100,000 per year. Additionally, our Managing Partners can receive other forms of compensation. In connection with the 2007 Reorganization, the Managing Partners and Contributing Partners received AOG Units with a vesting period of five to six years and certain employees were granted RSUs that typically have a vesting period of six years. Managing Partners, Contributing Partners and certain employees have also been granted AAA RDUs, or incentive units that provide the right to receive AAA RDUs, which both represent common units of AAA and generally vest over three years for employees and are fully-vested for Managing Partners and Contributing Partners on the grant date. In addition, ARI RSUs, ARI restricted stock and AMTG RSUs have been granted to the Company and certain employees in the real estate and credit segments and generally vest over three years. In addition, the Company granted share options to certain employees that generally vest and become exercisable in quarterly installments or annual installments depending on the contract terms over the next two to six years. Refer to note 11 to our condensed consolidated financial statements for further discussion of AOG Units and other equity-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 Agreement which has a variable interest amount based on LIBOR and ABR interest rates as discussed in note 9 to our condensed consolidated 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 are amortized based on the future cash flows over the expected useful lives of the assets. Other general operating expenses normally include costs related to travel, information technology and administration.

Other Income (Loss)

Net Gains (Losses) from Investment Activities. The performance of the consolidated Apollo funds has impacted our net gains (losses) from investment activities. Net gains (losses) from investment activities 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 unrealized investments and reversal of unrealized gains (losses) due to dispositions of investments during the reporting period. 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 condensed consolidated financial statements.

Net Gains (Losses) from Investment Activities of Consolidated Variable Interest Entities. Changes in the fair value of the consolidated VIEs assets and liabilities and related interest, dividend and other income and expenses subsequent to consolidation are presented within net gains (losses) from investment activities of consolidated variable interest entities and are attributable to Non-Controlling Interests in the condensed consolidated statements of operations.

Interest Income. The Company recognizes security transactions on the trade date. Interest income is recognized as earned on an accrual basis. Discounts and premiums on securities purchased are accreted or amortized over the life of the respective securities using the effective interest method.

Other Income (Loss), Net. Other income, net includes the recognition of bargain purchase gains as a result of Apollo acquisitions, gains (losses) arising from the remeasurement of foreign currency denominated assets and liabilities of foreign subsidiaries, and other miscellaneous income and expenses.

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Income Taxes. The Apollo Operating Group and its subsidiaries continue to generally operate in the U.S. as partnerships for U.S. Federal income tax purposes and generally as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases are subject to New York City unincorporated business tax, or in the case of non-U.S. entities, to non-U.S. corporate income taxes. In addition, APO Corp., a wholly-owned subsidiary of the Company, is subject to U.S. Federal, state and local corporate income tax, and the Company s provision for income taxes is accounted for in accordance with U.S. GAAP.

As significant judgment is required in determining tax expense and in evaluating tax positions, including evaluating uncertainties, we recognize the tax benefits of uncertain tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. The tax benefit is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. If a tax position is not considered more likely than not to be sustained, then no benefits of the position are recognized. The Company s tax positions are reviewed and evaluated quarterly to determine whether or not we have uncertain tax positions that require financial statement recognition.

Deferred income taxes are provided for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the condensed consolidated statements of financial condition. These temporary differences result in taxable or deductible amounts in future years.

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. The Non-Controlling Interests relating to Apollo primarily includes the 64.9% ownership interest in the Apollo Operating Group held by the Managing Partners and Contributing Partners through their limited partner interests in Holdings and other ownership interests in consolidated entities, which primarily consist of the approximate 97% ownership interest held by limited partners in AAA as of September 30, 2012. Non-Controlling Interests also include limited partner interests of Apollo managed funds in certain consolidated VIEs.

The authoritative guidance for Non-Controlling Interests in the condensed consolidated financial statements requires reporting entities to present Non-Controlling Interests as equity and provides guidance on the accounting for transactions between an entity and Non-Controlling Interests. According to the guidance, (1) Non-Controlling Interests are presented as a separate component of shareholders equity on the Company s condensed consolidated statements of financial condition, (2) net income (loss) includes the net income (loss) attributed to the Non-Controlling Interest holders on the Company s condensed consolidated statements of operations, (3) the primary components of Non-Controlling Interest are separately presented in the Company s condensed consolidated statements of changes in shareholders equity to clearly distinguish the interests in the Apollo Operating Group and other ownership interests in the consolidated entities and (4) profits and losses are allocated to Non-Controlling Interests in proportion to their ownership interests regardless of their basis.

On January 1, 2010, the Company adopted amended consolidation guidance issued by FASB on issues related to VIEs. The amended guidance significantly affects the overall consolidation analysis, changing the approach taken by companies in identifying which entities are VIEs and in determining which party is the primary beneficiary. The amended guidance requires continuous assessment of the reporting entity s involvement with such VIEs. The amended guidance also enhances the disclosure requirements for a reporting entity s involvement with VIEs, including presentation on the condensed consolidated statements of financial condition of assets and liabilities of consolidated VIEs that meet the separate presentation criteria and disclosure of assets and liabilities recognized in the condensed consolidated statements of financial condition and the maximum exposure to loss for those VIEs in which a reporting entity is determined to not be the primary beneficiary but in which it has a variable interest. The guidance provides a limited scope deferral for a reporting entity s interest in an entity that meets all of the following conditions: (a) the entity has all the attributes of an investment company as defined under the AICPA Audit and Accounting Guide, Investment Companies, or does not have all the attributes of an investment company but is an entity for which it is acceptable based on industry practice to apply measurement principles that are consistent with the AICPA Audit and Accounting Guide, *Investment Companies*, (b) the

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reporting entity does not have explicit or implicit obligations to fund any losses of the entity that could potentially be significant to the entity and (c) the entity is not a securitization entity, asset-backed financing entity or an entity that was formerly considered a qualifying special-purpose entity. The reporting entity is required to perform a consolidation analysis for entities that qualify for the deferral in accordance with previously issued guidance on variable interest entities. Apollo s involvement with the funds it manages is such that all three of the above conditions are met with the exception of certain vehicles which fail condition (c) above. As previously discussed, the incremental impact of adopting the amended consolidation guidance has resulted in the consolidation of certain VIEs managed by the Company. Additional disclosures related to Apollo s involvement with VIEs are presented in note 5 to our condensed consolidated financial statements.

Results of Operations

Below is a discussion of our condensed consolidated results of operations for the three and nine months ended September 30, 2012 and 2011, respectively. For additional analysis of the factors that affected our results at the segment level, refer to Segment Analysis below:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2012	2011	Amount Change	Percentage Change	2012	2011	Amount Change	Percentage Change
	(in thousands)				(in thousands)			
Revenues:								
Advisory and transaction fees from affiliates	$ 15,149	$ 16,837	$ (1,688)	(10.0%)	$ 112,162	$ 59,809	$ 52,353	87.5%
Management fees from affiliates	147,611	122,666	24,945	20.3	418,115	362,003	56,112	15.5
Carried interest income (loss) from affiliates	549,613	(1,619,083)	2,168,696	NM	1,170,467	(896,174)	2,066,641	NM
Total Revenues	712,373	(1,479,580)	2,191,953	NM	1,700,744	(474,362)	2,175,106	NM
Expenses:								
Compensation and benefits:								
Equity-based compensation	144,407	288,208	(143,801)	(49.9)	435,387	859,173	(423,786)	(49.3)
Salary, bonus and benefits	64,647	68,433	(3,786)	(5.5)	204,666	204,788	(122)	(0.1)
Profit sharing expense	237,433	(563,255)	800,688	NM	506,308	(275,437)	781,745	NM
Incentive fee compensation	364	(3,876)	4,240	NM	372	2,689	(2,317)	(86.2)
Total Compensation and Benefits	446,851	(210,490)	657,341	NM	1,146,733	791,213	355,520	44.9
Interest expense	7,136	9,790	(2,654)	(27.1)	29,083	30,999	(1,916)	(6.2)
Professional fees	11,490	6,965	4,525	65.0	39,849	37,318	2,531	6.8
General, administrative and other	24,028	16,566	7,462	45.0	66,810	55,675	11,135	20.0
Placement fees	4,292	1,991	2,301	115.6	13,344	3,105	10,239	329.8
Occupancy	9,644	10,391	(747)	(7.2)	27,360	25,542	1,818	7.1
Depreciation and amortization	16,567	6,687	9,880	147.7	37,021	19,635	17,386	88.5
Total Expenses	520,008	(158,100)	678,108	NM	1,360,200	963,487	396,713	41.2
Other Income:								
Net gains (losses) from investment activities	20,463	(371,647)	392,110	NM	149,957	(150,407)	300,364	NM
Net losses from investment activities of consolidated variable interest entities	(45,475)	(4,760)	(40,715)	NM	(29,913)	(41)	(29,872)	NM
Income (loss) from equity method investments	40,779	(56,438)	97,217	NM	83,191	(29,242)	112,433	NM
Interest income	3,277	670	2,607	389.1	7,093	1,540	5,553	360.6
Other income (loss), net	8,304	(10,135)	18,439	NM	1,959,669	11,039	1,948,630	NM
Total Other Income (Loss)	27,348	(442,310)	469,658	NM	2,169,997	(167,111)	2,337,108	NM
Income (loss) before income tax provision	219,713	(1,763,790)	1,983,503	NM	2,510,541	(1,604,960)	4,115,501	NM
Income tax (provision) benefit	(21,917)	19,847	(41,764)	NM	(47,127)	7,477	(54,604)	NM

Net Income (Loss)	197,796	(1,743,943)	1,941,739	NM	2,463,414	(1,597,483)	4,060,897	NM
Net (income) loss attributable to Non-Controlling Interests	(115,005)	1,277,017	(1,392,022)	NM	(2,323,966)	1,117,724	(3,441,690)	NM
Net Income (Loss) Attributable to Apollo Global Management, LLC	$ 82,791	$ (466,926)	$ 549,717	NM	$ 139,448	$ (479,759)	$ 619,207	NM

NM denotes not meaningful. Changes from negative to positive amounts and positive to negative amounts are not considered meaningful. Increases or decreases from zero and changes greater than 500% are also not considered meaningful.

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Revenues

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

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

Advisory and transaction fees from affiliates, including directors fees and reimbursed broken deal costs, decreased by $1.7 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This decrease was primarily attributable to a decrease in advisory and transaction fees in the private equity segment of $1.6 million during the period. During the three months ended September 30, 2012, gross and net advisory fees, including directors fees, were $37.6 million and $14.4 million, respectively, and gross and net transaction fees were $7.7 million and $2.0 million, respectively. During the three months ended September 30, 2011, gross and net advisory fees, including directors fees, were $38.7 million and $13.6 million, respectively, and gross and net transaction fees were $6.2 million and $4.1 million, respectively. The net transaction and advisory fees were further offset by $1.3 million and $0.9 million in broken deal costs during the three months ended September 30, 2012 and 2011, respectively, primarily relating to Fund VII. Advisory and transaction fees are reported net of Management Fee Offsets as calculated under the terms of the respective limited partnership agreements. See Overview of Results of Operations Revenues Advisory and Transaction Fees from Affiliates for a summary that addresses how the Management Fee Offsets are calculated for each fund.

Management fees from affiliates increased by $24.9 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to an increase in management fees earned by our credit, private equity and real estate segments by $33.6 million, $3.3 million and $0.3 million, respectively, as a result of corresponding increases in the net assets managed and fee-generating invested capital with respect to these segments during the period as compared to the same period in 2011. Part of the increase in management fees earned from the credit segment was attributable to $12.3 million of fees earned from consolidated VIEs which are included in the credit segment results but were eliminated in consolidation.

Carried interest income from affiliates increased by $2,168.7 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This increase was primarily attributable to increased carried interest income driven by increases in the fair value of portfolio investments held by certain funds, primarily Fund VI, Fund VII, COF I, CLF and COF II, which had increased carried interest income of $904.5 million, $772.1 million, $170.8 million, $75.7 million and $73.3 million, respectively, during the three months ended September 30, 2012 as compared to the same period in 2011. The remaining change was attributable to an overall increase in the fair value of portfolio investments of the remainder of funds, which generated increased carried interest income of $172.3 million, during the period. Included in carried interest income (loss) from affiliates is reversal of previously realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $26.4 million with respect to Fund VI for the three months ended September 30, 2012 and reversal of $14.4 million of the general partner obligation to return previously distributed carried interest income with respect to SOMA for the three months ended September 30, 2012. Included in carried interest (loss) income from affiliates is reversal of previously recognized realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $78.0 million, $24.2 million, and $17.6 million for Fund VI, COF II and SOMA, respectively, for the three months and nine months ended September 30, 2011. Part of the increase in carried interest income from affiliates was attributable to $34.2 million of carried interest income earned from consolidated VIEs which are included in the segment results but were eliminated in consolidation during three months ended September 30, 2012 as compared to the same period in 2011.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Advisory and transaction fees from affiliates, including directors fees and reimbursed broken deal costs increased by $52.4 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This increase was primarily attributable to an increase in advisory and transaction fees in the private equity segment of $52.8 million during the period. During the nine months

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ended September 30, 2012, gross and net advisory fees, including directors fees, were $117.2 million and $48.9 million, respectively, and gross and net transaction fees were $121.2 million and $66.0 million, respectively. During the nine months ended September 30, 2011, gross and net advisory fees, including directors fees, were $109.1 million and $42.0 million, respectively, and gross and net transaction fees were $39.0 million and $21.2 million, respectively. The net transaction and advisory fees were further offset by $2.7 million and $3.4 million in broken deal costs during the nine months ended September 30, 2012 and 2011, respectively, primarily relating to Fund VII. Advisory and transaction fees are reported net of Management Fee Offsets as calculated under the terms of the respective limited partnership agreements. Part of the increase in advisory and transaction fees from affiliates was attributable to $0.1 million of advisory and transaction fees earned from the CLO s which are included in credit segment results but were eliminated in consolidation.

Management fees from affiliates increased by $56.1 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to an increase in management fees earned by our credit, private equity and real estate segments by $71.2 million, $8.5 million and $4.7 million, respectively, as a result of corresponding increases in the net assets managed and fee-generating invested capital with respect to these segments during the period as compared to the same period in 2011. Part of the increase in management fees earned from the credit segment was attributable to $28.3 million of fees earned from consolidated VIEs which are included in the credit segment results but were eliminated in consolidation.

Carried interest income from affiliates increased by $2,066.6 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to increased carried interest income driven by increases in the fair value of portfolio investments held by certain funds, primarily Fund VII, Fund VI, COF I, COF II and CLF, which had increased carried interest income of $938.7 million, $692.4 million, $196.1 million, $97.3 million and $70.9 million, respectively, during the three months ended September 30, 2012 as compared to the same period in 2011. The remaining change was attributable to an overall increase in the fair value of portfolio investments of the remainder of funds, which generated increased carried interest income of $71.2 million, during the period. Included in carried interest income (loss) from affiliates is reversal of previously realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $94.9 million with respect to Fund VI for the nine months ended September 30, 2012 and reversal of $14.2 million of the general partner obligation to return previously distributed carried interest income with respect to SOMA for the nine months ended September 30, 2012. Included in carried interest income (loss) from affiliates is reversal of previously recognized realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $78.0 million, $24.2 million, and $17.6 million for Fund VI, COF II and SOMA, respectively, for the three months and nine months ended September 30, 2011. Part of the increase in carried interest income from affiliates was attributable to $59.3 million of carried interest income earned from consolidated VIEs which are included in the credit segment results but were eliminated in consolidation during nine months ended September 30, 2012 as compared to the same period in 2011.

Expenses

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

Compensation and benefits increased by $657.3 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to an increase in profit sharing expense by $800.7 million driven by an increase in unrealized and realized carried interest income earned from our private equity and credit funds during the period. This increase was partially offset by a decrease in equity-based compensation of $143.8 million, specifically the amortization of AOG Units decreased by $142.0 million due to the expiration of the vesting period for certain Managing Partners, along with a decrease in equity-based compensation relating to RSUs and share options of $2.0 million due to additional grants during the three months ended September 30, 2011. Included in profit sharing expense, as discussed below, is $18.8 million and $6.0 million of expense related to the Incentive Pool for the three months ended September 30, 2012 and 2011, respectively.

The Company intends to, over time, seek to more directly tie compensation of its professionals to realized performance of the Company s business, which will likely result in greater variability in

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compensation. As previously disclosed, in June 2011, the Company adopted a performance based incentive arrangement (the Incentive Pool) whereby certain partners and employees earned discretionary compensation based on carried interest realizations earned by the Company during the year, which amounts are reflected as profit sharing expense in the Company s condensed consolidated financial statements. The Company adopted the Incentive Pool to attract and retain, and provide incentive to, partners and employees of the Company and to more closely align the overall compensation of partners and employees with the overall realized performance of the Company. Allocations to the Incentive Pool and to its participants contain both a fixed and a discretionary component and may vary year-to-year depending on the overall realized performance of the Company and the contributions and performance of each participant. There is no assurance that the Company will continue to compensate individuals through performance-based incentive arrangements in the future and there may be periods when the Executive Committee of the Company s manager determines that allocations of realized carried interest income are not sufficient to compensate individuals, which may result in an increase in compensation and benefits expense.

Interest expense decreased by $2.7 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to lower interest expense incurred of $2.1 million during the three months ended September 30, 2012 with respect to the expiration of the interest rate swap associated with the AMH Credit Agreement during May 2012.

Professional fees increased by $4.5 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was attributable to higher external accounting, tax, audit, legal and consulting fees incurred during the three months ended September 30, 2012, as compared to the same period in 2011.

General, administrative and other expenses increased by $7.5 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to increased travel, information technology, recruiting and other expenses incurred associated with the launch of our new funds and continued expansion of our global investment platform during the three months ended September 30, 2012 as compared to the same period in 2011.

Placement fees increased by $2.3 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. Placement fees are incurred in connection with the raising of capital for new and existing funds. The fees are normally payable to placement agents, who are third parties that assist in identifying potential investors, securing commitments to invest from such potential investors, preparing or revising offering marketing materials, developing strategies for attempting to secure investments by potential investors and/or providing feedback and insight regarding issues and concerns of potential investors. This change was primarily attributable to increased fundraising efforts during the period in connection with our credit funds, primarily EPF II, which incurred $2.6 million of placement fees during the three months ended September 30, 2012.

Occupancy expense decreased by $0.7 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to a one time catch-up payment of commercial rent tax of $2.1 million during the three months ended September 30, 2011, offset by expenses incurred from additional office space leased as a result of the increase in our headcount to support the expansion of our global investment platform during the three months ended September 30, 2012 as compared to the same period in 2011.

Depreciation and amortization expense increased by $9.9 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to increased amortization due to amortization of intangible assets acquired subsequent to September 30, 2011.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Compensation and benefits increased by $355.5 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to an increase in profit sharing expense of $781.7 million driven by an increase in unrealized and realized carried interest income earned from our private equity and credit funds during the period. This increase was partially offset by a decrease in equity-based compensation of $423.8 million, specifically the amortization

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of AOG Units decreased by $426.1 million due to the expiration of the vesting period for certain Managing Partners, along with an increase in equity-based compensation relating to RSUs and share options of $1.5 million due to additional grants during the three months ended September 30, 2011. Included in profit sharing expense is $46.1 million and $14.0 million of expense related to the Incentive Pool for the nine months ended September 30, 2012 and 2011, respectively.

Interest expense decreased by $1.9 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to lower interest expense incurred of $3.0 million during the period with respect to the expiration of the interest rate swap associated with the AMH Credit Agreement during May 2012, partially offset by an overall increase in the base rate on the AMH Credit Agreement during the nine months ended September 30, 2012 as compared to the same period in 2011.

Professional fees increased by $2.5 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was attributable to higher external accounting, tax, audit, legal and consulting fees incurred during the nine months ended September 30, 2012, as compared to the same period in 2011.

General, administrative and other expenses increased by $11.1 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to increased travel, information technology, recruiting and other expenses incurred associated with the launch of our new funds and continued expansion of our global investment platform during the nine months ended September 30, 2012 as compared to the same period in 2011.

Placement fees increased by $10.2 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. Placement fees are incurred in connection with the raising of capital for new and existing funds. The fees are normally payable to placement agents, who are third parties that assist in identifying potential investors, securing commitments to invest from such potential investors, preparing or revising offering marketing materials, developing strategies for attempting to secure investments by potential investors and/or providing feedback and insight regarding issues and concerns of potential investors. This change was primarily attributable to increased fundraising efforts during the period in connection with our credit funds, primarily EPF II, which incurred $9.5 million of placement fees during the nine months ended September 30, 2012.

Occupancy expense increased by $1.8 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to additional expenses incurred from additional office space leased as a result of the increase in our headcount to support the expansion of our global investment platform during the nine months ended September 30, 2012 as compared to the same period in 2011.

Depreciation and amortization expense increased by $17.4 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to increased amortization expense due to amortization of intangible assets acquired subsequent to September 30, 2011.

Other Income (Loss)

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

Net gains (losses) from investment activities changed by $392.1 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to a $355.2 million decrease in net unrealized gains related to changes in the fair value of AAA Investments portfolio investments during the period. In addition, there was a $35.5 million unrealized loss related to the change in the fair value of the investments in HFA, which is valued on an as-converted basis taking into consideration the underlying stock price, partially offset by $1.5 million of net unrealized and realized gains related to changes in the fair value of portfolio investments of Fund VI and the Apollo Senior Loan Fund, during the three months ended September 30, 2012 as compared to the same period in 2011.

Net (losses) from investment activities of consolidated VIEs changed by $(40.7) million during the three months ended September 30, 2012 as compared to the three months ended September 30, 2011.

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This change was primarily attributable to a change in net realized and unrealized gains (losses) relating to an increase in the fair values of investments held by the consolidated VIEs of $184.6 million along with higher interest and other income of $163.7 million during the period. These increases were partially offset by a change in net realized and unrealized (losses) relating to the debt held by the consolidated VIEs of $(291.7) million, along with an increase in other (expenses) of $(97.3) million during the three months ended September 30, 2012 as compared to the same period in 2011.

Income (loss) from equity method investments changed by $97.2 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily driven by changes in the fair values of certain Apollo funds in which the Company has a direct interest. Fund VII, COF I, COF II and ACLF had the most significant impact and together generated $35.9 million of income from equity method investments during the three months ended September 30, 2012 as compared to $49.4 million of loss from equity method investments during the three months ended September 30, 2011, resulting in a net increase of $85.4 million. Refer to note 4 to our condensed consolidated financial statements for a complete summary of income (loss) from equity method investments by fund for the three months ended September 30, 2012 and 2011.

Other income (loss), net changed by $18.4 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. During the three months ended September 30, 2011, approximately $8.0 million of offering costs were incurred related to the launch of AMTG. The remaining change was primarily attributable to net gains resulting from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries during the three months ended September 30, 2012 as compared to the same period in 2011.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Net (losses) gains from investment activities changed by $300.4 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to a $292.5 million increase in net unrealized gains related to changes in the fair value of AAA Investments portfolio investments during the period. In addition, there was a $5.7 million unrealized gain related to the change in the fair value of the investments in HFA which is on an as converted basis taking into consideration the underlying stock price partially offset by $2.1 million of net unrealized and realized gains related to changes in the fair value of portfolio investments of Fund VI and the Apollo Senior Loan Fund during the nine months ended September 30, 2012 as compared to the same period in 2011.

Net gains (losses) from investment activities of consolidated VIEs changed by $(29.9) million during the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This was primarily attributable to a change in net realized and unrealized gains (losses) relating to an increase in the fair values of investments held by the consolidated VIEs of $238.7 million along with higher interest and other income of $355.6 million during the period. These decreases were partially offset by a change in net realized and unrealized (losses) relating to the debt held by the consolidated VIEs of $(389.5) million, along with an increase in other (expenses) of $(234.7) million during the nine months ended September 30, 2012 as compared to the same period in 2011.

Income (loss) from equity method investments changed by $112.4 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily driven by changes in the fair values of certain Apollo funds in which the Company has a direct interest. Fund VII, COF I, COF II and ACLF had the most significant impact and together generated $71.3 million of income from equity method investments during the nine months ended September 30, 2012 as compared to $30.0 million of loss from equity method investments during the nine months ended September 30, 2011, resulting in a net increase of $101.3 million. Refer to note 4 to our condensed consolidated financial statements for a complete summary of income (loss) from equity method investments by fund for the nine months ended September 30, 2012 and 2011.

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Other income, net increased by $1,948.6 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to the bargain purchase gain related to Stone Tower. Refer to note 3 to our condensed consolidated financial statements for further discussion of the Stone Tower acquisition.

Income Tax Provision

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

The income tax provision changed by $41.8 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. As discussed in note 8 to our condensed consolidated financial statements, the Company s income tax provision primarily relates to the earnings generated by APO Corp., a wholly-owned subsidiary of Apollo Global Management, LLC that is subject to U.S. federal, state and local taxes. APO Corp. had income before taxes of $48.8 million and ($44.7) million for the three months ended September 30, 2012 and 2011, respectively, after adjusting for permanent tax differences. The $93.5 million change in income before taxes resulted in increased federal, state and local taxes of $39.8 million during the period utilizing a marginal corporate tax rate, along with an increase of $2.0 million related to the income tax provision for New York City Unincorporated Business Tax (NYC UBT) and taxes on foreign subsidiaries.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

The income tax provision changed by $54.6 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. As discussed in note 8 to our condensed consolidated financial statements, the Company s income tax provision primarily relates to the earnings generated by APO Corp., a wholly-owned subsidiary of Apollo Global Management, LLC that is subject to U.S. federal, state and local taxes. APO Corp. had income before taxes of $99.9 million and ($18.0) million for the nine months ended September 30, 2012 and 2011, respectively, after adjusting for permanent tax differences. The $117.9 million change in income before taxes resulted in increased federal, state and local taxes of $49.9 million during the period utilizing a marginal corporate tax rate, along with an increase of $4.7million related to the income tax provision for NYC UBT and taxes on foreign subsidiaries.

Non-Controlling Interests

Net (income) loss attributable to Non-Controlling Interests consisted of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in thousands)			
AAA[1]	$ (16,325)	$ 329,649	$ (148,765)	$ 134,347
Interest in management companies and a co-investment vehicle[2]	(2,693)	(4,149)	(4,893)	(9,383)
Other consolidated entities	32,049	194	38,941	(14,156)
Net loss (income) attributable to Non-Controlling Interests in consolidated entities	13,031	325,694	(114,717)	110,808
Net (income) loss attributable to Appropriated Partners Capital[3]	59,240	4,566	(1,873,413)	14,197
Net loss (income) attributable to Non-Controlling Interests in the Apollo Operating Group	(187,276)	946,757	(335,836)	992,719
Net (income) loss attributable to Non-Controlling Interests	(115,005)	1,277,017	(2,323,966)	1,117,724
Net income (loss) attributable to Appropriated Partners Capital[4]	(59,240)	(4,566)	1,873,413	(14,197)
Other Comprehensive Income attributable to Non-Controlling Interests		(1,427)	(2,010)	(3,826)
Comprehensive Loss (Income) Attributable to Non-Controlling Interests	$ (174,245)	$ 1,271,024	$ (452,563)	$ 1,099,701

(1) Reflects the Non-Controlling Interests in the net income of AAA and is calculated based on the Non-Controlling Interests ownership percentage in AAA, which was approximately 97% and 98% during the three and nine months ended September 30, 2012, respectively, and 98% and 97% during the three and nine months ended September 30, 2011, respectively.

(2) Reflects the remaining interest held by certain individuals who receive an allocation of income from certain of our credit management entities and a private equity co-invest vehicle.

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(3) Reflects net (income) loss of the consolidated CLOs classified as VIEs. Includes the bargain purchase gain from the Stone Tower acquisition of $1,951.1 million for the nine months ended September 30, 2012.

(4) Appropriated Partners Capital is included in total Apollo Global Management, LLC shareholders equity and is therefore not a component of comprehensive (income) loss attributable to non-controlling interest on the condensed consolidated statements of comprehensive (loss) income.

Initial Public Offering On April 4, 2011, the Company completed the initial public offering (IPO) of its Class A shares, representing limited liability company interests of the Company. Apollo Global Management, LLC received net proceeds from the IPO of approximately $382.5 million, which were used to acquire additional AOG Units. As a result, Holdings ownership interest in the Apollo Operating Group decreased from 70.7% to 66.5% and the Company s ownership interest increased from 29.3% to 33.5%. As such, the difference between the fair value of the consideration paid for the Apollo Operating Group level ownership interest and the book value on the date of the IPO is reflected in Additional Paid in Capital.

Net (income) loss attributable to Non-Controlling Interests in the Apollo Operating Group consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in thousands)			
Net income (loss)	$ 197,796	$ (1,743,943)	$ 2,463,414	$ (1,597,483)
Net loss (income) attributable to Non-Controlling Interests in consolidated entities and appropriated partners capital	72,272	330,260	(1,988,130)	125,005
Net income (loss) after Non-Controlling Interests in consolidated entities and appropriated partners capital	270,068	(1,413,683)	475,284	(1,472,478)
Adjustments:				
Income tax provision[1]	21,917	(19,847)	47,127	(7,477)
NYC UBT and foreign tax provision[2]	(4,703)	(2,230)	(10,035)	(4,911)
Capital increase related to equity-based compensation		(22,797)		(22,797)
Net loss in non-Apollo Operating Group entities	119	27,752	523	973
Total adjustments	17,333	(17,122)	37,615	(34,212)
Net income (loss) after adjustments	287,401	(1,430,805)	512,899	(1,506,690)
Approximate ownership percentage of Apollo Operating Group[3]	65.0%	66.3%	65.4%	67.9%
Net income (loss) attributable to Non-Controlling Interests in Apollo Operating Group	$ 187,276	$ (946,757)	$ 335,836	$ (992,719)

(1) Reflects all taxes recorded in our condensed consolidated statements of operations. Of this amount, U.S. Federal, state and local corporate income taxes attributable to APO Corp. are added back to income (loss) of the Apollo Operating Group before calculating Non-Controlling Interests as the income (loss) allocable to the Apollo Operating Group is not subject to such taxes.

(2) Reflects NYC UBT and foreign taxes that are attributable to the Apollo Operating Group and its subsidiaries related to its operations in the U.S. as partnerships and in non-U.S. jurisdictions as corporations. As such, these amounts are considered in the income (loss) attributable to the Apollo Operating Group.

(3) This amount is calculated by applying the weighted average ownership percentage range of approximately 65.0% and 65.4% during the three and nine months ended September 30, 2012, respectively, and approximately 66.3% and 67.9% during the three and nine months ended September 30, 2011, respectively, to the condensed consolidated net income (loss) of the Apollo Operating Group before a corporate income tax provision and after allocations to the Non-Controlling Interests in consolidated entities.

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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, credit 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 charges related to RSUs granted in connection with the 2007 private placement and equity-based compensation expense comprising amortization of AOG Units, income taxes, amortization of intangibles associated with the 2007 Reorganization and acquisitions and Non-Controlling Interests with the exception of allocations of income to certain individuals.

In addition to providing the financial results of our three reportable business segments, we further evaluate our individual reportable segments based on what we refer to as our Management Business and Incentive Business. Our Management Business is generally characterized by the predictability of its financial metrics, including revenues and expenses. The Management Business includes management fee revenues, advisory and transaction revenues, carried interest income from certain of our mezzanine funds and expenses, each of which we believe are more stable in nature. The financial performance of our Incentive Business is partially dependent upon quarterly mark-to-market unrealized valuations in accordance with U.S. GAAP guidance applicable to fair value measurements. The Incentive Business includes carried interest income, income from equity method investments and profit sharing expense that are associated with our general partner interests in the Apollo funds, which are generally less predictable and more volatile in nature.

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.

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Private Equity

The following tables set forth our segment statement of operations information and our supplemental performance measure, ENI, for our private equity segment for the three and nine months ended September 30, 2012 and 2011, respectively. ENI represents segment income (loss), excluding the impact of (i) non-cash charges related to RSUs granted in connection with the 2007 private placement and equity-based compensation expense comprising amortization of AOG Units, (ii) income taxes, (iii) amortization of intangibles associated with the 2007 Reorganization and acquisitions and (iv) Non-Controlling Interest with the exception of allocations of income to certain individuals. In addition, segment data excludes the assets, liabilities and operating results of the Apollo funds and consolidated VIEs that are included in the condensed consolidated financial statements. ENI is not a U.S. GAAP measure.

	For the Three Months Ended September 30, 2012			For the Three Months Ended September 30, 2011		
	Management	Incentive	Total	Management	Incentive	Total
	(in thousands)					
Private Equity:						
Revenues:						
Advisory and transaction fees from affiliates	$ 13,296	$	$ 13,296	$ 14,891	$	$ 14,891
Management fees from affiliates	68,460		68,460	65,173		65,173
Carried interest income (loss) from affiliates:						
Unrealized gains (losses)[1]		152,439	152,439		(1,399,141)	(1,399,141)
Realized gains		188,158	188,158		40,525	40,525
Total Revenues	81,756	340,597	422,353	80,064	(1,358,616)	(1,278,552)
Expenses:						
Compensation and Benefits:						
Equity compensation	7,178		7,178	8,115		8,115
Salary, bonus and benefits	25,749		25,749	32,415		32,415
Profit sharing expense		159,811	159,811		(497,161)	(497,161)
Total compensation and benefits	32,927	159,811	192,738	40,530	(497,161)	(456,631)
Other expenses	17,151		17,151	24,714		24,714
Total Expenses	50,078	159,811	209,889	65,244	(497,161)	(431,917)
Other Income (Loss):						
Net losses from investment activities					(1,226)	(1,226)
Income (loss) from equity method investments		24,981	24,981		(38,285)	(38,285)
Other income (loss), net	2,866		2,866	(981)		(981)
Total Other Income (Loss)	2,866	24,981	27,847	(981)	(39,511)	(40,492)
Economic Net Income (Loss)	$ 34,544	$ 205,767	$ 240,311	$ 13,839	$ (900,966)	$ (887,127)

(1) Included in unrealized carried interest income (loss) from affiliates is reversal of previously recognized realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $26.4 million and $78.0 million with respect to Fund VI for the three months ended September 30, 2012 and 2011, respectively. The general partner obligation is recognized based upon a hypothetical liquidation of the funds net assets as of September 30, 2012 and 2011. The actual determination and any required payment of a general partner obligation would not take place until the final disposition of a fund s investments based on the contractual termination of the fund.

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	For the Nine Months Ended September 30, 2012			For the Nine Months Ended September 30, 2011		
	Management	Incentive	Total	Management	Incentive	Total
	(in thousands)					
Private Equity:						
Revenues:						
Advisory and transaction fees from affiliates	$ 104,290	$	$ 104,290	$ 51,533	$	$ 51,533
Management fees from affiliates	204,615		204,615	196,154		196,154
Carried interest income (loss) from affiliates:						
Unrealized gains (losses)[1]		440,718	440,718		(1,108,408)	(1,108,408)
Realized gains		353,606	353,606		330,473	330,473
Total Revenues	308,905	794,324	1,103,229	247,687	(777,935)	(530,248)
Expenses:						
Compensation and Benefits:						
Equity compensation	22,350		22,350	22,743		22,743
Salary, bonus and benefits	94,334		94,334	98,011		98,011
Profit sharing expense		377,952	377,952		(245,130)	(245,130)
Total compensation and benefits	116,684	377,952	494,636	120,754	(245,130)	(124,376)
Other expenses	61,818		61,818	74,904		74,904
Total Expenses	178,502	377,952	556,454	195,658	(245,130)	(49,472)
Other Income (Loss):						
Net losses from investment activities					(1,226)	(1,226)
Income (loss) from equity method investments		57,432	57,432		(17,942)	(17,942)
Other income, net	2,935		2,935	7,824		7,824
Total Other Income (Loss)	2,935	57,432	60,367	7,824	(19,168)	(11,344)
Economic Net Income (Loss)	$ 133,338	$ 473,804	$ 607,142	$ 59,853	$ (551,973)	$ (492,120)

(1) Included in unrealized carried interest income from affiliates is reversal of previously recognized realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $94.9 million and $78.0 million with respect to Fund VI for the nine months ended September 30, 2012 and 2011, respectively. The general partner obligation is recognized based upon a hypothetical liquidation of the funds net assets as of September 30, 2012 and 2011. The actual determination and any required payment of a general partner obligation would not take place until the final disposition of a fund s investments based on the contractual termination of the fund.

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	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2012	2011	Amount Change	Percentage Change	2012	2011	Amount Change	Percentage Change
	(in thousands)							
Private Equity:								
Revenues:								
Advisory and transaction fees from affiliates	$ 13,296	$ 14,891	$ (1,595)	(10.7)%	$ 104,290	$ 51,533	$ 52,757	102.4%
Management fees from affiliates	68,460	65,173	3,287	5.0	204,615	196,154	8,461	4.3
Carried interest income (loss) from affiliates:								
Unrealized gains (losses)(1)	152,439	(1,399,141)	1,551,580	NM	440,718	(1,108,408)	1,549,126	NM
Realized gains	188,158	40,525	147,633	364.3	353,606	330,473	23,133	7.0
Total carried interest income (loss) from affiliates	340,597	(1,358,616)	1,699,213	NM	794,324	(777,935)	1,572,259	NM
Total Revenues	422,353	(1,278,552)	1,700,905	NM	1,103,229	(530,248)	1,633,477	NM
Expenses:								
Compensation and benefits:								
Equity-based compensation	7,178	8,115	(937)	(11.5)	22,350	22,743	(393)	(1.7)
Salary, bonus and benefits	25,749	32,415	(6,666)	(20.6)	94,334	98,011	(3,677)	(3.8)
Profit sharing expense	159,811	(497,161)	656,972	NM	377,952	(245,130)	623,082	NM
Total compensation and benefits expense	192,738	(456,631)	649,369	NM	494,636	(124,376)	619,012	NM
Other expenses	17,151	24,714	(7,563)	(30.6)	61,818	74,904	(13,086)	(17.5)
Total Expenses	209,889	(431,917)	641,806	NM	556,454	(49,472)	605,926	NM
Other Income (Loss):								
Net losses from investment activities		(1,226)	1,226	NM		(1,226)	1,226	NM
Income (loss) from equity method investments	24,981	(38,285)	63,266	NM	57,432	(17,942)	75,374	NM
Other income (loss), net	2,866	(981)	3,847	NM	2,935	7,824	(4,889)	(62.5)
Total Other Income (Loss)	27,847	(40,492)	68,339	NM	60,367	(11,344)	71,711	NM
Economic Net Income (Loss)	$ 240,311	$ (887,127)	$ 1,127,438	NM	$ 607,142	$ (492,120)	$ 1,099,262	NM

(1) Included in unrealized carried interest income (loss) from affiliates is reversal of previously realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $26.4 million and $94.9 million with respect to Fund VI for the three and nine months ended September 30, 2012 and $78.0 million for the three and nine months ended September 30, 2011. The general partner obligation is recognized based upon a hypothetical liquidation of the funds net assets as of September 30, 2012 and 2011. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of a fund s investments based on the contractual termination of the fund.

Revenues

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

Advisory and transaction fees from affiliates, including directors fees and reimbursed broken deal costs, decreased by $1.6 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was attributable to a decrease in transaction and advisory services rendered during the period, relating to AAA Investments, Fund VI and AGS of $2.8 million, $1.1 million and $0.7 million, respectively, offset by an increase from Fund VII and other funds of $2.3 million and $0.7 million, respectively. Gross advisory and transaction fees, including directors fees, were $36.1 million and $37.1 million for the three months ended September 30, 2012 and 2011, respectively, a decrease of $1.0 million or 2.7%. The transaction fees earned for the three months ended September 30, 2012 primarily related to one portfolio investment transaction, specifically Athlon, which generated $4.3 million and $1.4 million of gross and net transaction fees, as compared to transaction fees earned for the three months ended September 30, 2011 from two portfolio investment transactions, specifically Athene Holding Ltd and Berry Plastics Group, which together generated $5.8 million and $3.7 million of gross and net transaction fees,

respectively. The advisory fees earned for the three months ended September 30, 2012 were primarily generated by advisory and monitoring arrangements with several portfolio investments including Athene Holding Ltd, LeverageSource, EP Energy, Berry Plastics Group and Skylink, which generated gross and net fees of $16.7 million and $9.8 million, respectively. The advisory fees earned for the three months ended September 30, 2011 were primarily generated by advisory and monitoring arrangements with several portfolio investments including Athene Holding Ltd, Berry Plastics Group, Caesars Entertainment, LeverageSource, and Realogy, which generated gross and net fees of $21.7 million and $10.1 million, respectively. Advisory and transaction fees, including directors fees, are reported net of Management Fee Offsets totaling $22.8 million and $22.2 million for the three months ended September 30, 2012 and 2011, respectively, an increase of $0.6 million or 2.7%.

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Management fees from affiliates increased by $3.3 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to increased management fees of $3.4 million earned from ANRP, which began paying fees during the third quarter of 2011 based on committed capital. In addition, increased management fees were earned from AAA Investments of $0.1 million. These increases were offset by lower management fees earned from Fund V and Fund VI, which collectively contributed to a decrease in management fees of $0.2 million for the three months ended September 30, 2012 as compared to the same period during 2011.

Carried interest income from affiliates increased by $1,699.2 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to an increase in net unrealized gains of $1,551.6 million as a result of improvements in the fair values of the underlying portfolio investments held during the period, mainly driven by an increase of $678.7 million from Fund VII. Also contributing to this change was a decrease in Fund VI s net unrealized loss of $885.8 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. For the three months ended September 30, 2012, Fund VI s net unrealized loss was $26.3 million due to the general partner obligation to return previous carried interest distributions from Fund VI. For the three months ended September 30, 2011, Fund VI s net unrealized loss was $912.1 million due to significant declines in the fair values of the underlying portfolio investments held during the period which resulted in the reversal of previously recognized carried interest income of $78.0 million. The increase in net unrealized gains was partially offset by decreases in Fund V of $22.7 million. In addition, the growth in the carried interest income from affiliates relates to an increase in realized gains of $147.6 million resulting from increased dispositions of portfolio investments held by Fund VII, Fund VI, Fund V and AAA Investments of $93.2 million, $18.7 million, $33.4 million and $2.3 million, respectively.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Advisory and transaction fees from affiliates, including directors fees and reimbursed broken deal costs, increased by $52.8 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to an increase in transaction and advisory services rendered during the period, relating to Fund VII, ANRP, AGS and other funds of $48.2 million, $4.2 million, $3.3 million and $2.8 million, respectively, offset by a decrease in AAA Investments and other funds of $5.4 million and $0.3 million, respectively. Gross advisory and transaction fees, including directors fees, were $209.5 million and $122.3 million for the nine months ended September 30, 2012 and 2011, respectively, an increase of $87.2 million or 71.3%. The transaction fees earned for the nine months ended September 30, 2012 primarily related to five portfolio investment transactions, specifically EP Energy, Rexnord, Great Wolf Resorts, Taminco Global Chemical and Athlon, which together generated $104.5 million and $58.4 million of gross and net transaction fees, respectively, as compared to transaction fees earned for the nine months ended September 30, 2011 from six portfolio investment transactions, specifically Athene Holding Ltd, Brit Insurance, Constellium, CORE Media Group, Berry Plastics and Athlon, which together generated $34.2 million and $17.4 million of gross and net transaction fees, respectively. The advisory fees earned for the nine months ended September 30, 2012 were primarily generated by advisory and monitoring arrangements with several portfolio investments including Athene Holding Ltd, LeverageSource, EP Energy, Caesars Entertainment, Realogy, Berry Plastics, Momentive Performance Materials and CEVA Logistics, which generated gross and net fees of $68.1 million and $34.1 million, respectively. The advisory fees earned for the nine months ended September 30, 2011 were primarily generated by advisory and monitoring arrangements with several portfolio investments including Athene Holding Ltd, LeverageSource, Realogy, Caesars Entertainment, Berry Plastics, CEVA Logistics and Momentive Performance Materials, which generated gross and net fees of $61.3 million and $27.8 million, respectively. Advisory and transaction fees, including directors fees, are reported net of Management Fee Offsets totaling $105.2 million and $70.8 million for the nine months ended September 30, 2012 and 2011, respectively, an increase of $34.4 million or 48.6%.

Management fees from affiliates increased by $8.5 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to increased management fees of $9.3 million earned from ANRP, which began paying fees during the third quarter of 2011 based on committed capital. This increase was offset by lower management fees earned from AAA Investments, Fund V and Fund VI, which collectively contributed to a decrease in management fees of $0.8 million for the nine months ended September 30, 2012 as compared to the same period during 2011.

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Carried interest income from affiliates increased by $1,572.3 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to an increase in net unrealized gains of $1,549.1 million as a result of improvements in the fair values of the underlying portfolio investments held during the period, mainly driven by an increase of $883.8 million from Fund VII and $33.9 million from Fund V. Also contributing to this change was a decrease in Fund VI s net unrealized loss of $631.3 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. For the nine months ended September 30, 2012, Fund VI s net unrealized loss was $94.9 million due to the general partner obligation to return previous carried interest distributions from Fund VI. For the nine months ended September 30, 2011, Fund VI s net unrealized loss was $726.2 million due to significant declines in the fair values of the underlying portfolio investments held during the period which resulted in the reversal of previously recognized carried interest income of $78.0 million. The increase in net unrealized gains was partially offset by decreases in AAA Investments of $3.2 million. In addition, the growth in the carried interest income from affiliates relates to an increase in realized gains of $23.1 million resulting from increased dispositions of portfolio investments held by Fund VII, Fund VI, Fund V and AAA Investments of $54.9 million, $61.0 million, $8.5 million and $10.2 million, respectively, offset by a decrease in Fund IV of $111.5 million.

Expenses

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

Compensation and benefits increased by $649.4 million for three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to a $657.0 million increase in profit sharing expense mostly driven by the increase in carried interest income earned from our private equity funds during the period. This increase was partially offset by a decrease in salary, bonus and benefits expense of $6.7 million during the three months ended September 30, 2012 as compared to the same period during 2011. Included in profit sharing expense is $7.9 million and $4.8 million of expense related to the Incentive Pool for the three months ended September 30, 2012 and 2011, respectively.

Other expenses decreased by $7.6 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to decreased interest expense mainly due to a lower margin rate on the AMH Credit Agreement. Also contributing to this decrease was lower placement fees incurred for the three months ended September 30, 2012 as compared to the same period during 2011. For the three months ended September 30, 2011, the private equity segment incurred higher placement fees in connection with fundraising for ANRP.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Compensation and benefits increased by $619.0 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to a $623.1 million increase in profit sharing expense mostly driven by the increase in carried interest income earned from our private equity funds during the period. This increase was partially offset by a decrease in salary, bonus and benefits expense of $3.7 million during the nine months ended September 30, 2012 as compared to the same period during 2011. Included in profit sharing expense is $19.5 million and $11.0 million of expense related to the Incentive Pool for the nine months ended September 30, 2012 and 2011, respectively.

Other expenses decreased by $13.1 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to decreased interest expense mainly due to a lower margin rate on the AMH Credit Agreement. Also contributing to this decrease was lower professional fees attributable to lower external accounting, tax, audit, legal and consulting fees incurred during the nine months ended September 30, 2012 as compared to the same period during 2011.

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Other Income

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

Income from equity method investments increased by $63.3 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was driven by increases in the fair values of our private equity investments held, primarily relating to Apollo s ownership interest in Fund VII and AAA, which resulted in increased income from equity method investments of $54.5 million and $8.6 million, respectively, during the three months ended September 30, 2012 as compared to the same period during 2011.

Other income, net increased by $3.8 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to gains from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries and other adjustments.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Income from equity method investments increased by $75.4 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was driven by increases in the fair values of our private equity investments held, primarily relating to Apollo s ownership interest in Fund VII and AAA, which resulted in increased income from equity method investments of $64.1 million and $8.7 million, respectively, during the nine months ended September 30, 2012 as compared to the same period in 2011.

Other income, net decreased by $4.9 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to losses from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries and other adjustments.

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Credit

The following tables set forth segment statement of operations information and ENI, for our credit segment for the three and nine months ended September 30, 2012 and 2011, respectively. ENI represents segment income (loss), excluding the impact of (i) non-cash charges related to RSUs granted in connection with the 2007 private placement and equity-based compensation expense related to the amortization of AOG Units, (ii) income taxes, (iii) amortization of intangibles associated with the 2007 Reorganization and acquisitions and (iv) Non-Controlling Interest with the exception of allocations of income to certain individuals. In addition, segment data excludes the assets, liabilities and operating results of the Apollo funds and consolidated VIEs that are included in the condensed consolidated financial statements. ENI is not a U.S. GAAP measure.

	For the Three Months Ended September 30, 2012			For the Three Months Ended September 30, 2011		
	Management	Incentive	Total	Management	Incentive	Total
	(in thousands)					
Credit						
Revenues:						
Advisory and transaction fees from affiliates	$ 1,854	$	$ 1,854	$ 1,831	$	$ 1,831
Management fees from affiliates	80,839		80,839	47,250		47,250
Carried interest income (loss) from affiliates:						
Unrealized gains (losses)[1]		187,047	187,047		(284,120)	(284,120)
Realized gains	9,664	41,648	51,312	11,300	12,353	23,653
Total Revenues	92,357	228,695	321,052	60,381	(271,767)	(211,386)
Expenses:						
Compensation and Benefits:						
Equity-based compensation	6,872		6,872	6,369		6,369
Salary, bonus and benefits	31,666		31,666	29,053		29,053
Profit sharing expense		73,458	73,458		(66,094)	(66,094)
Incentive fee compensation		364	364		(3,876)	(3,876)
Total compensation and benefits	38,538	73,822	112,360	35,422	(69,970)	(34,548)
Other expenses	37,446		37,446	17,475		17,475
Total Expenses	75,984	73,822	149,806	52,897	(69,970)	(17,073)
Other Income (Loss):						
Net gains (losses) from investment activities		2,103	2,103		(33,370)	(33,370)
Income (loss) from equity method investments		16,795	16,795		(26,374)	(26,374)
Other income (loss), net	7,490		7,490	(8,292)		(8,292)
Total Other Income (Loss)	7,490	18,898	26,388	(8,292)	(59,744)	(68,036)
Non-Controlling Interests	(2,658)		(2,658)	(4,148)		(4,148)
Economic Net Income (Loss)	$ 21,205	$ 173,771	$ 194,976	$ (4,956)	$ (261,541)	$ (266,497)

(1) Included in unrealized carried interest income (loss) from affiliates is reversal of $14.4 million of the general partner obligation to return previously distributed carried interest income with respect to SOMA for the three months ended September 30, 2012. Included in unrealized carried interest (loss) income from affiliates is reversal of previously recognized realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $24.2 million and $17.6 million for COF II and

SOMA, respectively, for the three months ended September 30, 2011. The general partner obligation is recognized based upon a hypothetical liquidation of the funds net assets as of September 30, 2012 and 2011. The actual determination and any required payment of a general partner obligation would not take place until the final disposition of a fund s investments based on the contractual termination of the fund.

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	For the Nine Months Ended September 30, 2012			For the Nine Months Ended September 30, 2011		
	Management	Incentive	Total	Management	Incentive	Total
	(in thousands)					
Credit						
Revenues:						
Advisory and transaction fees from affiliates	$ 7,530	$	$ 7,530	$ 8,161	$	$ 8,161
Management fees from affiliates	207,861		207,861	136,677		136,677
Carried interest income (loss) from affiliates:						
Unrealized gains (losses)[1]		318,624	318,624		(189,208)	(189,208)
Realized gains	28,464	77,615	106,079	35,040	35,929	70,969
Total Revenues	243,855	396,239	640,094	179,878	(153,279)	26,599
Expenses:						
Compensation and Benefits:						
Equity-based compensation	19,266		19,266	16,214		16,214
Salary, bonus and benefits	90,513		90,513	82,177		82,177
Profit sharing expense		120,595	120,595		(30,307)	(30,307)
Incentive fee compensation		372	372		2,689	2,689
Total compensation and benefits	109,779	120,967	230,746	98,391	(27,618)	70,773
Other expenses	102,608		102,608	67,229		67,229
Total Expenses	212,387	120,967	333,354	165,620	(27,618)	138,002
Other Income (Loss):						
Net losses from investment activities		(7,587)	(7,587)		(13,309)	(13,309)
Income (loss) from equity method investments		33,795	33,795		(15,268)	(15,268)
Other income (loss), net	9,772		9,772	(5,087)		(5,087)
Total Other Income (Loss)	9,772	26,208	35,980	(5,087)	(28,577)	(33,664)
Non-Controlling Interests	(6,505)		(6,505)	(9,382)		(9,382)
Economic Net Income (Loss)	$ 34,735	$ 301,480	$ 336,215	$ (211)	$ (154,238)	$ (154,449)

(1) Included in unrealized carried interest income from affiliates is reversal of $14.2 million of the general partner obligation to return previously distributed carried interest income with respect to SOMA for the nine months ended September 30, 2012. Included in unrealized carried interest (loss) income from affiliates is reversal of previously recognized realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $24.2 million and $17.6 million for COF II and SOMA, respectively, for the nine months ended September 30, 2011. The general partner obligation is recognized based upon a hypothetical liquidation of the funds net assets as of September 30, 2012 and 2011. The actual determination and any required payment of a general partner obligation would not take place until the final disposition of a fund s investments based on the contractual termination of the fund.

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	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2012	2011	Amount Change	Percentage Change	2012	2011	Amount Change	Percentage Change
	(in thousands)				(in thousands)			
Credit								
Revenues:								
Advisory and transaction fees from affiliates	$ 1,854	$ 1,831	$ 23	1.3%	$ 7,530	$ 8,161	$ (631)	(7.7)%
Management fees from affiliates	80,839	47,250	33,589	71.1	207,861	136,677	71,184	52.1
Carried interest income (loss) from affiliates:								
Unrealized gains (losses)[1]	187,047	(284,120)	471,167	NM	318,624	(189,208)	507,832	NM
Realized gains	51,312	23,653	27,659	116.9	106,079	70,969	35,110	49.5
Total carried interest income (loss) from affiliates	238,359	(260,467)	498,826	NM	424,703	(118,239)	542,942	NM
Total Revenues	321,052	(211,386)	532,438	NM	640,094	26,599	613,495	NM
Expenses:								
Compensation and benefits								
Equity-based compensation	6,872	6,369	503	7.9	19,266	16,214	3,052	18.8
Salary, bonus and benefits	31,666	29,053	2,613	9.0	90,513	82,177	8,336	10.1
Profit sharing expense	73,458	(66,094)	139,552	NM	120,595	(30,307)	150,902	NM
Incentive fee compensation	364	(3,876)	4,240	NM	372	2,689	(2,317)	(86.2)
Total compensation and benefits	112,360	(34,548)	146,908	NM	230,746	70,773	159,973	226.0
Other expenses	37,446	17,475	19,971	NM	102,608	67,229	35,379	52.6
Total Expenses	149,806	(17,073)	166,879	NM	333,354	138,002	195,352	141.6
Other Income (Loss):								
Net gains (losses) from investment activities	2,103	(33,370)	35,473	NM	(7,587)	(13,309)	5,722	(43.0)
Income (loss) from equity method investments	16,795	(26,374)	43,169	NM	33,795	(15,268)	49,063	NM
Other income (loss), net	7,490	(8,292)	15,782	NM	9,772	(5,087)	14,859	NM
Total Other Income (Loss)	26,388	(68,036)	94,424	NM	35,980	(33,664)	69,644	NM
Non-Controlling Interests	(2,658)	(4,148)	1,490	(35.9)	(6,505)	(9,382)	2,877	(30.7)
Economic Net Income (Loss)	$ 194,976	$ (266,497)	$ 461,473	NM	$ 336,215	$ (154,449)	$ 490,664	NM

(1) Included in unrealized carried interest income (loss) from affiliates is reversal of $14.4 million and $14.2 million of the general partner obligation to return previously distributed carried interest income with respect to SOMA for the three and nine months ended September 30, 2012. Included in unrealized carried interest income (loss) from affiliates is reversal of previously recognized realized carried interest income due to the general partner obligation to return previously distributed interest income of $24.2 million and $17.6 million for COF II and SOMA respectively, for the three and nine months ended September 30, 2011. The general partner obligation is recognized based upon a hypothetical liquidation of the funds net assets as of September 30, 2012 and 2011. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of a fund s investments based on the contractual termination of the fund.

Revenues

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

Advisory and transaction fees from affiliates increased by $0.1 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. Gross advisory and transaction fees, including directors fees, were $9.2 million and $7.7 million for the three months ended September 30, 2012 and 2011, respectively, an increase of $1.5 million or 19.5%. The transaction fees earned during 2012 primarily related to portfolio investments of EPF I and EPF II, which generated gross and net fees of $3.0 million and $0.7 million, respectively. The advisory fees earned during both periods were primarily generated by deal activity related to investments in LeverageSource, which resulted in gross and net advisory fees of $5.7 million and $0.8 million, respectively, during the three months ended September 30, 2012 and gross and net fees of $6.6 million and $0.9 million, respectively, during the three months ended September 30, 2011. Advisory and transaction fees, including directors fees, are reported net of Management Fee Offsets totaling $7.3 million and $5.9 million for the three months ended September 30, 2012 and 2011, respectively, an increase of $1.4 million or 23.7%.

Management fees from affiliates increased by $33.6 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to EPF II which began earning management fees during the second quarter of 2012 totaling $14.9 million during the period, and Stone Tower Funds/CLOs which were acquired in April 2012 and generated $13.2 million of management fees during the period. In addition, assets managed by Athene Asset Management, LLC, Gulf Stream CLOs and AMTG generated increased fees of $4.8 million $2.9 million and $2.1 million, respectively, during the three months ended September 30, 2012 as compared to the same period in 2011. These increases were partially offset by decreased management fees earned from EPF I of $4.6 million during the period due to a change in management fee basis from committed to

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invested capital as a result of the launch of EPF II in April 2012. The remaining change was attributable to an overall increase in assets managed by the other credit funds which collectively contributed to an increase of $0.3 million in management fees during the three months ended September 30, 2012 as compared to the same period in 2011.

Carried interest income from affiliates increased by $498.8 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to an increase in net unrealized carried interest income of $471.2 million driven by an increase in net asset values primarily with respect to COF I, ACLF, COF II, Stone Tower Funds/CLOs and SOMA resulting in increased unrealized carried interest income of $151.9 million, $75.7 million, $73.5 million, $43.6 million and $41.3 million, respectively, during the period. Included in unrealized carried interest income from affiliates is reversal of $14.4 million of the general partner obligation to return previously distributed carried interest income with respect to SOMA for the three months ended September 30, 2012. The remaining change in unrealized carried interest income was attributable to an increase in net asset values of the remainder of credit funds, which collectively contributed to an increase of $85.2 million. In addition, realized carried interest increased by $27.7 million resulting from increased dispositions and reversals of unrealized gains during the period, primarily by COF I and Longevity of $18.8 million and $7.6 million, respectively. The remaining change in realized carried interest income was attributable to an increase in dispositions and reversals of unrealized gains of the remainder of credit funds which collectively contributed to an increase of $1.3 million during the period.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Advisory and transaction fees from affiliates decreased by $0.6 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. Gross advisory and transaction fees, including directors fees, were $28.5 million and $25.7 million for the nine months ended September 30, 2012 and 2011, respectively, an increase of $2.8 million or 10.9%. The transaction fees earned during 2012 primarily related to portfolio investments of EPF I and EPF II, which generated gross and net fees of $8.8 million and $3.1 million, respectively, whereas the transaction fees earned during 2011 primarily related to portfolio investments of FCI which generated gross and net fees of $2.8 million during the period. The advisory fees earned during both periods were primarily generated by deal activity related to investments in LeverageSource, which resulted in gross and net advisory fees of $17.4 million and $2.4 million, respectively, during the nine months ended September 30, 2012 and gross and net fees of $20.1 million and $2.6 million, respectively, during the nine months ended September 30, 2011. Advisory and transaction fees, including directors fees, are reported net of Management Fee Offsets totaling $21.0 million and $17.5 million for the nine months ended September 30, 2012 and 2011, respectively, an increase of $3.5 million or 20.0%.

Management fees from affiliates increased by $71.2 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to management fees earned from Stone Tower Funds/CLOs which were acquired in April 2012 and generated $26.9 million of management fees during the period, along with EPF II and Gulf Stream CLOs which began earning management fees after the second quarter of 2011 and generated fees $21.9 million and $9.1 million, respectively, during the period. In addition, Athene Asset Management LLC and AMTG generated increased fees of $13.5 million and $4.4 million, respectively, during the period as compared to the same period in 2011. Furthermore, AEC, FCI I, Longevity, AESI and Palmetto Loan together earned increased management fees of $10.8 million during the nine months ended September 30, 2012 as compared to the same period in 2011. These increases were partially offset by decreased management fees earned from EPF I of $9.9 million during the period due to a change in management fee basis from committed to invested capital as a result of the launch of EPF II in April 2012. In addition, management fees earned from AINV decreased by $5.4 million as a result of a decrease in gross adjusted assets managed of the Company during the period as compared to the same period in 2011. The remaining change was attributable to an overall decrease in assets managed by the other credit funds which collectively contributed a decrease of $1.0 million in management fees during the nine months ended September 30, 2012 as compared to the same period in 2011.

Carried interest income from affiliates increased by $542.9 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to an increase in net unrealized carried interest income of $507.8 million driven by an increase

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in net asset values primarily with respect to COF I, COF II, ACLF, Stone Tower Funds/CLOs and SOMA resulting in increased unrealized carried interest income of $166.9 million, $99.6 million, $70.9 million, $61.7 million and $36.6 million, respectively, during the period. Included in unrealized carried interest income from affiliates is reversal of $14.2 million of the general partner obligation to return previously distributed carried interest income with respect to SOMA for the nine months ended September 30, 2012. The remaining change in unrealized carried interest income was attributable to an increase in net asset values of the other credit funds which collectively contributed to an increase of $72.1 million. In addition, realized carried interest increased by $35.1 million resulting from increased dispositions and reversals of unrealized gains during the period, primarily by COF I and Longevity of $29.2 million and $9.7 million, respectively. The remaining change in realized carried interest income was attributable to an overall decrease in dispositions and reversals of unrealized gains of the other credit funds which collectively contributed to a decrease of $3.8 million during the period.

Expenses

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

Compensation and benefits expense increased by $146.9 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily a result of an increase in profit sharing expense and incentive fee compensation of $139.6 million and $4.2 million, respectively, due to the favorable performance of certain of our credit funds during the period along with the performance based incentive arrangement the Company adopted in June 2011 for certain Apollo partners and employees. In addition, salary, bonus and benefits expense increased by $2.6 million due to an increase in headcount during the period, including new hires related to the Stone Tower acquisition in April 2012. Furthermore, equity-based compensation expense increased by $0.5 million during the period. Included in profit sharing expense is $10.1 million and $1.8 million of expense related to the Incentive Pool for the three months ended September 30, 2012 and 2011, respectively.

Other expenses increased by $20.0 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily a result of increased general, administrative and other expenses of $8.1 million due to higher travel, information technology, recruiting and other expenses incurred during the three months ended September 30, 2012 as compared to the same period in 2011. Professional fees also increased by $5.2 million driven by higher external accounting, tax, audit, legal and consulting fees incurred during the period as compared to the same period in 2011.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Compensation and benefits expense increased by $160.0 million for the nine months ended September 30, 2012 as compared to the six months ended September 30, 2011. This change was primarily a result of an increase in profit sharing expense of $150.9 million due to the favorable performance of certain of our credit funds along with the performance based incentive arrangement the Company adopted in June 2011 for certain Apollo partners and employees. In addition, salary, bonus and benefits expense increased by $8.3 million due to an increase in headcount during the period, including new hires related to the Stone Tower acquisition in April 2012. These increases were partially offset by decreased incentive fee compensation expense of $2.3 million due to the performance of certain of our credit funds during the period. Included in profit sharing expense is $25.1 million and $3.0 million of expense related to the Incentive Pool for the nine months ended September 30, 2012 and 2011, respectively.

Other expenses increased by $35.4 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily a result of increased general, administrative and other expenses of $13.5 million due to higher travel, information technology, recruiting and other expenses incurred during the nine months ended September 30, 2012 as compared to the same period in 2011. Placement fees also increased by $11.7 million due to increased fundraising activities during the nine months ended September 30, 2012 as compared to the same period in 2011, primarily by EPF II which incurred fees of $9.5 million.

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Other Income (Loss)

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

Net gains (losses) from investment activities changed by $35.5 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily related to an increase in unrealized income resulting from the change in the fair value of the investment in HFA during the three months ended September 30, 2012 as compared to the same period in 2011.

Income (loss) from equity method investments changed by $43.2 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was driven by increases in the fair values of investments held by certain of our credit funds, primarily COF I, COF II and CLF, which resulted in increases in income from equity method investments of $22.5 million, $5.0 million and $5.0 million, respectively, during the three months ended September 30, 2012 as compared to the same period in 2011.

Other income (loss), net changed by $15.8 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. During the three months ended September 30, 2011, approximately $8.0 million of offering costs were incurred related to the launch of AMTG. The remaining change was primarily attributable to net gains resulting from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries during the three months ended September 30, 2012 as compared to the same period in 2011.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Net (losses) gains from investment activities changed by $5.7 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily related to an increase in unrealized income resulting from the change in the fair value of the investment in HFA during the nine months ended September 30, 2012 as compared to the same period in 2011.

Income (loss) from equity method investments changed by $49.1 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was driven by increases in the fair values of investments held by certain of our credit funds, primarily COF I, COF II and CLF, which resulted in increases in income from equity method investments of $25.3 million, $7.0 million and $6.5 million, respectively, during the nine months ended September 30, 2012 as compared to the same period in 2011.

Other income (loss), net changed by $14.9 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. During the nine months ended September 30, 2011, approximately $8.0 million of offering costs were incurred related to the launch of AMTG. The remaining change was primarily attributable to net gains resulting from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries during the nine months ending September 30, 2012 as compared to the same period in 2011.

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Real Estate

The following tables set forth our segment statement of operations information and our supplemental performance measure, ENI, for our real estate segment for the three and nine months ended September 30, 2012 and 2011, respectively. ENI represents segment income (loss), excluding the impact of (i) non-cash charges related to RSUs granted in connection with the 2007 private placement and equity-based compensation expense comprising amortization of AOG Units, (ii) income taxes, (iii) amortization of intangibles associated with the 2007 Reorganization and acquisitions and (iv) Non-Controlling Interests. In addition, segment data excludes the assets, liabilities and operating results of the Apollo funds and consolidated VIEs that are included in the condensed consolidated financial statements. ENI is not a U.S. GAAP measure.

	For the Three Months Ended September 30, 2012			For the Three Months Ended September 30, 2011		
	Management	Incentive	Total	Management	Incentive	Total
	(in thousands)					
Real Estate:						
Revenues:						
Advisory and transaction fees from affiliates	$	$	$	$ 472	$	$ 472
Management fees from affiliates	10,947		10,947	10,596		10,596
Carried interest income from affiliates:						
Unrealized gains		4,813	4,813			
Realized gains						
Total Revenues	10,947	4,813	15,760	11,068		11,068
Expenses:						
Compensation and Benefits:						
Equity-based compensation	2,577		2,577	3,484		3,484
Salary, bonus and benefits	7,232		7,232	6,965		6,965
Profit sharing expense		4,164	4,164			
Total compensation and benefits	9,809	4,164	13,973	10,449		10,449
Other expenses	4,481		4,481	5,997		5,997
Total Expenses	14,290	4,164	18,454	16,446		16,446
Other Income (Loss):						
Income from equity method investments		241	241		234	234
Other Income (loss), net	707		707	(192)		(192)
Total Other Income (Loss)	707	241	948	(192)	234	42
Economic Net Income (Loss)	$ (2,636)	$ 890	$ (1,746)	$ (5,570)	$ 234	$ (5,336)

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	For the Nine Months Ended September 30, 2012			For the Nine Months Ended September 30, 2011		
	Management	Incentive	Total	Management	Incentive	Total
	(in thousands)					
Real Estate:						
Revenues:						
Advisory and transaction fees from affiliates	$ 592	$	$ 592	$ 472	$	$ 472
Management fees from affiliates	34,200		34,200	29,525		29,525
Carried interest income from affiliates:						
Unrealized gains		6,460	6,460			
Realized gains		4,279	4,279			
Total Revenues	34,792	10,739	45,531	29,997		29,997
Expenses:						
Compensation and Benefits:						
Equity-based compensation	8,057		8,057	9,227		9,227
Salary, bonus and benefits	19,819		19,819	24,600		24,600
Profit sharing expense		7,761	7,761			
Total compensation and benefits	27,876	7,761	35,637	33,827		33,827
Other expenses	17,416		17,416	17,084		17,084
Total Expenses	45,292	7,761	53,053	50,911		50,911
Other Income:						
Income from equity method investments		660	660		641	641
Other income, net	1,068		1,068	9,842		9,842
Total Other Income	1,068	660	1,728	9,842	641	10,483
Economic Net (Loss) Income	$ (9,432)	$ 3,638	$ (5,794)	$ (11,072)	$ 641	$ (10,431)

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2012	2011	Amount Change	Percentage Change	2012	2011	Amount Change	Percentage Change
	(in thousands)				(in thousands)			
Real Estate:								
Revenues:								
Advisory and transaction fees from affiliates	$	$ 472	$ (472)	NM	$ 592	$ 472	$ 120	25.4%
Management fees from affiliates	10,947	10,596	351	3.3%	34,200	29,525	4,675	15.8
Carried interest income from affiliates:								
Unrealized gains	4,813		4,813	NM	6,460		6,460	NM
Realized gains				NM	4,279		4,279	NM
Total carried interest income from affiliates	4,813		4,813	NM	10,739		10,739	NM
Total Revenues	15,760	11,068	4,692	42.4	45,531	29,997	15,534	51.8
Expenses:								
Compensation and Benefits:								
Equity-based compensation	2,577	3,484	(907)	(26.0)	8,057	9,227	(1,170)	(12.7)

Salary, bonus and benefits	7,232	6,965	267	3.8	19,819	24,600	(4,781)	(19.4)
Profit sharing expense	4,164		4,164	NM	7,761		7,761	NM
Total compensation and benefits	13,973	10,449	3,524	33.7	35,637	33,827	1,810	5.4
Other expenses	4,481	5,997	(1,516)	(25.3)	17,416	17,084	332	1.9
Total Expenses	18,454	16,446	2,008	12.2	53,053	50,911	2,142	4.2
Other Income (Loss):								
Income from equity method investments	241	234	7	3.0	660	641	19	3.0
Other income (loss), net	707	(192)	899	NM	1,068	9,842	(8,774)	(89.1)
Total Other Income (Loss)	948	42	906	NM	1,728	10,483	(8,755)	(83.5)
Economic Net Loss	$ (1,746)	$ (5,336)	$ 3,590	(67.3)%	$ (5,794)	$ (10,431)	$ 4,637	(44.5)%

Revenues

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

Advisory and transaction fees from affiliates decreased by $0.5 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was attributable to a decrease in transaction and advisory services rendered during the three months ended September 30, 2012 as compared to the same period during 2011.

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Management fees increased by $0.4 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to increased management fees earned from AGRE CMBS accounts we manage of $0.9 million, as a result of additional capital raised and the launching of the 2012 CMBS funds. In addition, increased management fees were earned from AGRE U.S. Real Estate Fund, AGRE Debt Fund I and other funds, which collectively contributed $0.8 million during the period. These increases were offset by decreased management fees earned by the CPI Funds of $1.3 million during the three months ended September 30, 2012 as compared to the same period during 2011.

Carried interest income from affiliates increased by $4.8 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was attributable to an increase in net unrealized gains driven by an increase in the fair values of the underlying portfolio investments held during the three months ended September 30, 2012 as compared to the same period during 2011.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Advisory and transaction fees from affiliates increased by $0.1 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was attributable to an increase in transaction and advisory services rendered during the nine months ended September 30, 2012 as compared to the same period during 2011.

Management fees increased by $4.7 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to increased management fees earned from AGRE CMBS accounts we manage and AGRE U.S. Real Estate Fund of $3.1 million and $2.0 million, respectively, as a result of additional capital raised and the launching of the 2012 CMBS funds during the period. In addition, increased management fees were earned from ARI, AGRE Debt Fund I and other funds, which collectively contributed $2.6 million during the period. These increases were offset by decreased management fees earned from the CPI Funds of $3.0 million during the nine months ended September 30, 2012 as compared to the same period during 2011.

Carried interest income from affiliates increased by $10.7 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to an increase in net unrealized gains of $6.5 million, driven by an increase in the fair values of the underlying portfolio investments held during the period. The remaining change in the carried interest income from affiliates relates to an increase in realized gains of $4.3 million resulting from increased dispositions of portfolio investments during the nine months ended September 30, 2012 as compared to the same period during 2011.

Expenses

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

Compensation and benefits increased by $3.5 million during the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to a $4.2 million increase in profit sharing expense mostly driven by the increase in carried interest income earned from our real estate funds during the period. This increase was partially offset by a decrease in equity-based compensation expense of $0.9 million during the three months ended September 30, 2012 as compared to the same period during 2011. Included in profit sharing expense is $0.8 million of expense related to the Incentive Pool for the three months ended September 30, 2012 as compared to the same period during 2011.

Other expenses decreased by $1.5 million during the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to decreased occupancy expense and professional fees of $0.6 million and $0.4 million, respectively, during the three months ended September 30, 2012 as compared to the same period during 2011.

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Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Compensation and benefits increased by $1.8 million during the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to a $7.8 million increase in profit sharing expense mostly driven by the increase in carried interest income earned from our real estate funds during the period. This increase was partially offset by a decrease in salary, bonus and benefits expense of $4.8 million during the nine months ended September 30, 2012 as compared to the same period during 2011. Included in profit sharing expense is $1.5 million of expense related to the Incentive Pool for the nine months ended September 30, 2012 as compared to the same period during 2011.

Other Income

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

Other income, net increased by $0.9 million for the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. This change was primarily attributable to gains from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries and other adjustments.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Other income, net decreased by $8.8 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. This change was primarily attributable to a decrease in reimbursed offering costs for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011. During the nine months ended September 30, 2011 approximately $8.0 million of reimbursed offering costs was recognized as a result of a one time transaction related to the 2009 launch of ARI.

Summary Combined Segment Results for Management Business and Incentive Business

The following tables combine our reportable segments statements of operations information and supplemental performance measure, ENI, for our Management Business and Incentive Business for the three and nine months ended September 30, 2012 and 2011, respectively. ENI represents segment income (loss), excluding the impact of (i) non-cash charges related to RSUs granted in connection with the 2007 private placement and equity-based compensation expense comprising amortization of AOG Units, (ii) income taxes, (iii) amortization of intangibles associated with the 2007 Reorganization and acquisitions and (iv) Non-Controlling with the exception of allocations of income to certain individuals. In addition, segment data excludes the assets, liabilities and operating results of the Apollo funds and consolidated VIEs that are included in the condensed consolidated financial statements. ENI is not a U.S. GAAP measure.

In addition to providing the financial results of our three reportable business segments, we evaluate our reportable segments based on what we refer to as our Management Business and Incentive Business. 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 fee revenues, carried interest income from certain of our mezzanine funds and expenses, each of which we believe are more stable in nature.

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	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in thousands)			
Management Business				
Revenues:				
Advisory and transaction fees from affiliates	$ 15,150	$ 17,194	$ 112,412	$ 60,166
Management fees from affiliates	160,246	123,019	446,676	362,356
Carried interest income from affiliates	9,664	11,300	28,464	35,040
Total Revenues	185,060	151,513	587,552	457,562
Expenses:				
Equity-based compensation	16,627	17,968	49,673	48,184
Salary, bonus and benefits	64,647	68,433	204,666	204,788
Interest expense	7,530	9,790	29,083	30,999
Professional fees[(1)]	10,895	6,750	38,736	36,669
General, administrative and other[(2)]	23,899	16,196	65,736	54,522
Placement fees	4,292	1,991	13,344	3,105
Occupancy	9,672	10,391	27,360	25,542
Depreciation and amortization	2,790	3,068	7,583	8,380
Total Expenses	140,352	134,587	436,181	412,189
Other Income (Loss):				
Interest income	2,812	670	5,925	1,540
Other income (loss), net	8,251	(10,135)	7,850	11,039
Total Other Income (Loss)	11,063	(9,465)	13,775	12,579
Non-Controlling Interests	(2,658)	(4,148)	(6,505)	(9,382)
Economic Net Income	$ 53,113	$ 3,313	$ 158,641	$ 48,570

(1) Excludes professional fees related to the consolidated funds.

(2) Excludes general and administrative expenses related to the consolidated funds.

Our Incentive Business is dependent upon quarterly mark-to-market unrealized valuations made in accordance with U.S. GAAP guidance applicable to fair value measurements. The Incentive Business includes carried interest income, income from equity method investments, profit sharing expenses and incentive fee compensation that are associated with our general partner interests in the Apollo funds, which are generally less predictable and more volatile in nature.

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	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in thousands)			
Incentive Business				
Revenues:				
Carried interest income (loss) from affiliates:				
Unrealized gains (losses)[1]	$ 344,299	$ (1,683,261)	$ 765,802	$ (1,297,616)
Realized gains	229,806	52,878	435,500	366,402
Total Revenues	574,105	(1,630,383)	1,201,302	(931,214)
Expenses:				
Compensation and benefits:				
Profit sharing expense:				
Unrealized profit sharing expense[1]	124,687	(582,571)	292,240	(424,689)
Realized profit sharing expense	112,746	19,316	214,068	149,252
Total Profit Sharing Expense	237,433	(563,255)	506,308	(275,437)
Incentive fee compensation	364	(3,876)	372	2,689
Total Compensation and Benefits	237,797	(567,131)	506,680	(272,748)
Other Income (Losses):				
Net gains (losses) from investment activities[2]	2,103	(34,596)	(7,587)	(14,535)
Income (loss) from equity method investments	42,017	(64,425)	91,887	(32,569)
Total Other Income (Loss)	44,120	(99,021)	84,300	(47,104)
Economic Net Income (Loss)	$ 380,428	$ (1,162,273)	$ 778,922	$ (705,570)

(1) Included in unrealized carried interest income (loss) from affiliates is reversal of previously realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $26.4 million and $94.9 million with respect to Fund VI for the three months and nine months ended September 30, 2012 and reversal of $14.4 million and $14.2 million of the general partner obligation to return previously distributed carried interest income with respect to SOMA for the three months and nine months ended September 30, 2012. Included in unrealized carried interest (loss) income from affiliates is reversal of previously recognized realized carried interest income due to the general partner obligation to return previously distributed carried interest income of $78.0 million, $24.2 million, and $17.6 million for Fund VI, COF II and SOMA, respectively, for the three months and nine months ended September 30, 2011. Included in unrealized profit sharing expense is reversal of previously realized profit sharing expense for the amounts receivable from Contributing Partners and certain employees due to the general partner obligation to return previously distributed carried interest income of $8.7 million and $32.4 million for Fund VI, for the three and nine months ended September 30, 2012, respectively. Included in unrealized profit sharing expense is reversal of previously realized profit sharing expense for the amounts receivable from Contributing Partners and certain employees due to the general partner obligation to return previously distributed carried interest income of $22.9 million and $7.2 million for Fund VI and COF II, respectively, for the three months and nine months ended September 30, 2011. The general partner obligation is recognized based upon a hypothetical liquidation of the funds net assets as of September 30, 2012 and 2011, respectively. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of a fund s investments based on the contractual termination of the fund.

(2) Excludes investment income and net gains (losses) from investment activities related to consolidated funds and the consolidated VIEs.

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Summary

Below is the summary of our total reportable segments including Management Business and Incentive Business and a reconciliation of Economic Net Income to Net Income attributable to Apollo Global Management, LLC reported in our condensed consolidated statements of operations:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in thousands)			
Revenues	$ 759,165	$ (1,478,870)	$ 1,788,854	$ (473,652)
Expenses	378,149	(432,544)	942,861	139,441
Other income (loss)	55,183	(108,486)	98,075	(34,525)
Non-Controlling Interests	(2,658)	(4,148)	(6,505)	(9,382)
Economic Net Income (Loss)	433,541	(1,158,960)	937,563	(657,000)
Non-cash charges related to equity-based compensation	(127,780)	(270,952)	(385,714)	(811,700)
Income tax (provision) benefit	(21,917)	19,847	(47,127)	7,477
Net (income) loss attributable to Non-Controlling Interests in Apollo Operating Group	(187,276)	946,757	(335,836)	992,719
Amortization of intangible assets	(13,777)	(3,618)	(29,438)	(11,255)
Net Income (Loss) Attributable to Apollo Global Management, LLC	$ 82,791	$ (466,926)	$ 139,448	$ (479,759)

Liquidity and Capital Resources

Historical

Although we have managed our historical liquidity needs by looking at deconsolidated cash flows, our historical condensed consolidated statements of cash flows reflects the cash flows of Apollo, as well as those of our consolidated Apollo funds.

The primary cash flow activities of Apollo are:

- Generating cash flow from operations;
- Making investments in Apollo funds;
- Meeting financing needs through credit agreements; and
- Distributing cash flow to equity holders and Non-Controlling Interests.

Periodically, the Company also engages in acquisitions that have an impact on cash flows.

Primary cash flow activities of the consolidated Apollo funds are:

Raising capital from their investors, which have been reflected historically as Non-Controlling Interests of the consolidated subsidiaries in our financial statements;

Using capital to make investments;

Generating cash flow from operations through distributions, interest and the realization of investments; and

Distributing cash flow to investors.

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While primarily met by cash flows generated through fee income and carried interest income received, working capital needs have also been met (to a limited extent) through borrowings as follows:

	September 30, 2012		December 31, 2011	
	Outstanding Balance	Annualized Weighted Average Interest Rate	Outstanding Balance	Annualized Weighted Average Interest Rate
AMH Credit Agreement	$ 728,273	5.20%(1)	$ 728,273	5.39%(1)
CIT secured loan agreement	9,713	3.48%	10,243	3.39%
Total Debt	$ 737,986	5.17%	$ 738,516	5.35%

(1) Includes the effect of interest rate swaps.

We determine whether to make capital commitments to our private equity funds in excess of our minimum required amounts based on a variety of factors, including estimates regarding our liquidity resources over the estimated time period during which commitments will have to be funded, estimates regarding the amounts of capital that may be appropriate for other funds that we are in the process of raising or are considering raising, and our general working capital requirements.

We have made one or more distributions to our Managing Partners and Contributing Partners, representing all of the undistributed earnings generated by the businesses contributed to the Apollo Operating Group prior to the private offering transactions that occurred in 2007 pursuant to which the Company sold shares to certain initial purchasers and accredited investors in transactions exempt from the registration requirements of the Securities Act of 1933, as amended (the Private Offering Transactions). For this purpose, income attributable to carried interest on private equity funds related to either carry-generating transactions that closed prior to the Private Offering Transactions which closed in July 2007 or carry-generating transactions to which a definitive agreement was executed, but that did not close, prior to the Private Offering Transactions are treated as having been earned prior to the Private Offering Transactions.

Cash Flows

Significant amounts from our condensed consolidated statements of cash flows for the nine months ended September 30, 2012 and 2011 are summarized and discussed within the table and corresponding commentary below:

	Nine Months Ended September 30,	
	2012	2011
	(in thousands)	
Operating Activities	$ 460,433	$ 653,818
Investing Activities	(134,982)	(67,371)
Financing Activities	(316,992)	(160,411)
Net (Decrease) Increase in Cash and Cash Equivalents	$ 8,459	$ 426,036

Operating Activities

Net cash used in operating activities was $460.4 million during the nine months ended September 30, 2012. During this period, there was $2,463.4 million in net income, to which $435.4 million of equity-based compensation, a non-cash expense, and $1,951.1 million in gain on business acquisitions, were added to reconcile net income to net cash used in operating activities. Additional adjustments to reconcile cash used in operating activities during the nine months ended September 30, 2012 included $4,650.6 million in proceeds from sales of investments primarily held by the consolidated VIEs, a $338.1 million increase in profit sharing payable, $356.9 million of unrealized losses on debt of the consolidated VIEs, a $78.4 million increase in other assets of the consolidated VIEs and $99.7 million in distributions from investment activities.

These favorable cash adjustments were offset by $4,658.4 million of net purchases of investments held by the consolidated VIEs, $340.5 million in net unrealized gains from investments primarily held by the consolidated funds and VIEs, a $249.6 million increase in cash held at consolidated VIEs, and a $723.3 million increase in carried interest receivable. The increase in our carried interest

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receivable balance during the nine months ended September 30, 2012 was driven primarily by a $1,251.2 million increase of carried interest income from the change in fair value of funds for which we act as general partner, offset by fund cash distributions of $527.9 million.

Net cash provided by operating activities was $653.8 million during the nine months ended September 30, 2011. During this period, there was $1,597.5 million in net losses, to which $859.2 million of equity-based compensation, a non-cash expense, was added to reconcile net income to net cash provided by operating activities. Additional adjustments to reconcile cash provided by operating activities during the nine months ended September 30, 2011 included $1,185.9 million of sales of investments held by the consolidated VIEs, $156.1 in net unrealized losses from investments held by the consolidated funds and VIEs, a $67.4 million increase in due to affiliates and a $1,232.4 million decrease in carried interest receivable. The decrease in our carried interest receivable balance during the nine months ended September 30, 2011 was driven primarily by $776.4 million of carried interest losses from the change in fair value of funds for which we act as general partner, along with fund cash distributions of $455.3 million. These favorable cash adjustments were offset by $991.2 million of purchases of investments held by the consolidated VIEs, a $393.6 million decrease in profit sharing payable and $41.8 million of realized gains on debt of the consolidated VIEs.

The operating cash flow amounts from the Apollo funds and consolidated VIEs represent the significant variances between net income (loss) and cash flow from operations and were classified as operating activities pursuant to the American Institute of Certified Public Accountants, or AICPA, Audit and Accounting Guide, Investment Companies. The increasing capital needs reflect the growth of our business while the fund-related requirements vary based upon the specific investment activities being conducted at a point in time. These movements do not adversely affect our liquidity or earnings trends because we currently have sufficient cash reserves compared to planned expenditures.

Investing Activities

Net cash used in investing activities was $135.0 million for the nine months ended September 30, 2012, which was primarily comprised of $99.2 million relating to the acquisition of Stone Tower (see note 3 to our condensed consolidated financial statements), $82.0 million of cash distributions received from equity method investments primarily offset by $109.1 million of cash contributions to equity method investments. Cash contributions to equity method investments were primarily related to Fund VII, AINV and EPF II. Cash distributions from equity method investments were primarily related to Fund VII, COF I, COF II, EPF I and ACLF.

Net cash used in investing activities was $67.4 million for the nine months ended September 30, 2011, which was primarily comprised of $19.9 million in purchases of fixed assets, $40.9 million of cash contributions to equity method investments and $52.1 million of purchases of investment in HFA, offset by $46.9 million of cash distributions from equity method investments. Cash contributions to equity method investments were primarily related to EPF II, Fund VII and AGRE U.S. Real Estate Fund. Cash distributions from equity method investments were primarily related to Fund VII, ACLF, COF I, COF II, Artus, EPF and Vantium.

Financing Activities

Net cash used in financing activities was $317.0 million for the nine months ended September 30, 2012, which was primarily comprised of $929.5 million of debt issued by consolidated VIEs offset by $433.6 million in repayment of debt held by consolidated VIEs, $239.0 million of distributions paid to Non-Controlling Interests in the Apollo Operating Group, $388.4 million of distributions paid to Non-Controlling Interests in consolidated VIEs, $265.1 million of contributions from Non-Controlling Interests in consolidated VIEs, $127.6 million in distributions paid, $100.0 million related to the purchase of AAA units, and $25.9 million related to employee tax withholding payments in connection with deliveries of Class A shares in settlement of RSUs.

Net cash used in financing activities was $160.4 million for the nine months ended September 30, 2011, which was primarily comprised of $412.1 million in repayment of term loans by consolidated VIEs, $300.9 million in distributions by consolidated VIEs, $151.2 million of distributions paid to Non-Controlling Interests in Apollo Operating Group, $27.3 million of distributions paid to Non-Controlling

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Interests in consolidated funds, $76.6 million in distributions and $17.0 million related to employee tax withholding payments in connection with deliveries of Class A shares in settlement of RSUs. These adjustments were offset by $384.0 million in proceeds from the issuance of Class A shares and $454.4 million of debt issued by consolidated VIEs.

Distributions

The table below presents information regarding the declaration, payment and amount of quarterly distributions paid as of September 30, 2012, the determination of which is at the sole discretion of the manager of the Company (in millions, except per share amounts):

Distribution Declaration Date	Distribution per Class A Share Amount	Distribution Payment Date	Distribution to AGM Class A Shareholders	Distribution to Non-Controlling Interest Holders in the Apollo Operating Group	Total Distributions from Apollo Operating Group	Distribution Equivalents on Participating Securities
January 4, 2011	0.17	January 14, 2011	$ 16.6	$ 40.8	$ 57.4	$ 3.3
May 12, 2011	0.22	June 1, 2011	26.8	52.8	79.6	4.7
August 9, 2011	0.24	August 29, 2011	29.5	57.6	87.1	5.1
November 3, 2011	0.20	December 2, 2011	24.8	48.0	72.8	4.3
February 12, 2012	0.46	February 29, 2012	58.1	110.4	168.5	10.3
May 8, 2012	0.25	May 30, 2012	31.6	60.0	91.6	6.2
August 2, 2012	0.24	August 31, 2012	31.2	57.6	88.8	5.3

Future Cash Flows

Our ability to execute our business strategy, particularly our ability to increase our AUM, depends on our ability to establish new funds and to raise additional investor capital within such funds. Our liquidity will depend on a number of factors, such as our ability to project our financial performance, which is highly dependent on our funds and our ability to manage our projected costs, fund performance, having access to credit facilities, being in compliance with existing credit agreements, as well as industry and market trends. Also, during economic downturns, the funds we manage might experience cash flow issues or liquidate entirely. In these situations we might be asked to reduce or eliminate the management fee and incentive fees we charge. As was the situation with AIE I, this could adversely impact our cash flow in the future.

For example, the investment performance of AIE I was adversely impacted due to market conditions in 2008 and early 2009, and on July 10, 2009, its shareholders subsequently approved a monetization plan. The primary objective of the monetization plan is to maximize shareholder recovery value by (i) opportunistically selling AIE I s assets over a three-year period from July 2009 to July 2012 and (ii) reducing the overall costs of the fund. The Company waived management fees of $12.6 million for the year ended December 31, 2008 and an additional $2.0 million for the year ended December 31, 2009 to limit the adverse impact that deteriorating market conditions were having on AIE I s performance. As a result of the monetization plan, we expect AIE I to have adequate cash flow to satisfy its obligations as they come due, therefore, we do not anticipate any additional fee waivers for AIE I in the future. The Company continues to charge AIE I management fees at a reduced rate of 1.5% of the net assets of AIE I. Prior to the monetization plan, the management fees were based on 2.0% of the gross assets of AIE I. AIE I management fees were terminated on August 23, 2012 as the fund received a majority vote from shareholders to approve the wind down resolution to terminate the management agreement. Management elected not to seek shareholder approval for a one-year extension and currently aims to wind up the company in a quick and cost efficient manner. Management anticipates that all related corporate entities will be dissolved by year-end and a final distribution will be made to shareholders of remaining cash, if any, in the first quarter of 2013. However, there can be no assurances that this timeframe will be met.

On April 20, 2010, the Company announced that it entered into a strategic relationship agreement with the California Public Employees Retirement System (CalPERS). The strategic relationship agreement provides that Apollo will reduce fees charged to CalPERS on funds it manages, or in the future will manage, solely for CalPERS by $125 million over a five-year period or as close a period as required to provide CalPERS with that benefit. The agreement further provides that Apollo will not use a placement agent in connection with securing any future capital commitments from CalPERS. In March 2012, the Company received a notice of withdrawal from CalPERS, to withdraw a total of $400 million from SOMA. We currently expect the capital to be distributed over the next several years.

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An increase in the fair value of our funds investments, by contrast, could favorably impact our liquidity through higher management fees where the management fees are calculated based on the net asset value, gross assets and adjusted assets. Additionally, higher carried interest income would generally result when investments appreciate over their cost basis which would not have an impact on the Company s cash flow.

The Company granted approximately 2.6 million RSUs to its employees during the nine months ended September 30, 2012. The average estimated fair value per share on the grant date was $11.82 with a total fair value of $30.3 million. This will impact the Company s compensation expense as these grants are amortized over their vesting term of three to six years. Of these awards, approximately 1.0 million RSUs relate to awards granted that immediately vested as part of the Stone Tower acquisition. The fair value of these fully vested awards is $14.0 million and was included in the fair value of consideration transferred for the Stone Tower acquisition (see note 3 to our condensed consolidated financial statements). The fair value of these fully vested awards was not charged to compensation expense, but charged to additional paid in capital in the condensed consolidated statements of changes in shareholders equity. Refer to note 3 for further discussion of the Stone Tower acquisition. The Company expects to incur annual compensation expense on all grants, net of forfeitures, of approximately $26.5 million during the remainder of 2012 and $72.6 million, $27.9 million, $11.7 million and $8.9 million during the years ended December 31, 2013, 2014, 2015 and 2016, respectively, and $2.6 million amortized after 2016.

Although Apollo Global Management, LLC expects to pay distributions according to our distribution policy, we may not pay distributions according to our policy, or at all, if, among other things, we do not have the cash necessary to pay the intended distributions. To the extent we do not have cash on hand sufficient to pay distributions, we may have to borrow funds to pay distributions, or we may determine not to pay distributions. The declaration, payment and determination of the amount of our quarterly distributions is at the sole discretion of our manager.

Carried interest income from our funds can be distributed to us on a current basis, but is subject to repayment by the subsidiary of the Apollo Operating Group that acts as general partner of the fund in the event that certain specified return thresholds are not ultimately achieved. The Managing Partners, Contributing Partners and certain other investment professionals have personally guaranteed, to the extent of their ownership interest, subject to certain limitations, the obligations of these subsidiaries in respect of this general partner obligation. Such guarantees are several and not joint and are limited to a particular Managing Partner s or Contributing Partner s distributions. Pursuant to the shareholders agreement dated July 13, 2007, we agreed to indemnify each of our Managing Partners and certain Contributing Partners against all amounts that they pay pursuant to any of these personal guarantees in favor of Fund IV, Fund V and Fund VI (including costs and expenses related to investigating the basis for or objecting to any claims made in respect of the guarantees) for all interests that our Managing Partners and Contributing Partners have contributed or sold to the Apollo Operating Group.

Accordingly, in the event that our Managing Partners, Contributing Partners and certain investment professionals are required to pay amounts in connection with a general partner obligation for the return of previously distributed carried interest income with respect to Fund IV, Fund V and Fund VI, we will be obligated to reimburse our Managing Partners and certain Contributing Partners for the indemnifiable percentage of amounts that they are required to pay even though we did not receive the distribution to which that general partner obligation related.

On November 9, 2012, the Company declared a cash distribution of $0.40 per Class A share, which will be paid on November 30, 2012 to holders of record on November 23, 2012.

Distributions to Managing Partners and Contributing Partners

The three Managing Partners who became employees of Apollo on July 13, 2007, are each entitled to a $100,000 base salary. Additionally, our Managing Partners can receive other forms of compensation. Any additional consideration will be paid to them in their proportional ownership interest in Holdings. Additionally, 85% of any tax savings APO Corp. recognizes as a result of the tax receivable agreement will be paid to any exchanging or selling Managing Partners.

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It should be noted that subsequent to the 2007 Reorganization, the Contributing Partners retained ownership interests in subsidiaries of the Apollo Operating Group. Therefore, any distributions that flow up to management or general partner entities in which the Contributing Partners retained ownership interests are shared pro rata with the Contributing Partners who have a direct interest in such entities prior to flowing up to the Apollo Operating Group. These distributions are considered compensation expense post-Reorganization.

The Contributing Partners are entitled to receive the following:

Profit Sharing private equity carried interest income, from direct ownership of advisory entities. Any changes in fair value of the underlying fund investments would result in changes to Apollo Global Management, LLC s profit sharing payable.

Net Management Fee Income distributable cash determined by the general partner of each management company, from direct ownership of the management company entity. The Contributing Partners will continue to receive net management fee income payments based on the interests they retained in management companies directly. Such payments are treated as compensation expense post the 2007 Reorganization as described above.

Any additional consideration will be paid to them based on their proportional ownership interest in Holdings.

No base compensation is paid to the Contributing Partners from the Company, but they are entitled to a monthly draw.

Additionally, 85% of any tax savings APO Corp. recognizes as a result of the tax receivable agreement will be paid to any exchanging or selling Contributing Partner.

Potential Future Costs

We may make grants of RSUs or other equity-based awards to employees and independent directors that we appoint in the future.

Critical Accounting Policies

This Management s Discussion and Analysis of Financial Condition and Results of Operations is based upon the condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. We also report segment information from our condensed consolidated statements of operations and include a supplemental performance measure, ENI, for our private equity, credit and real estate segments. ENI represents segment income (loss) excluding the impact of (i) non-cash charges related to RSUs granted in connection with the 2007 private placement and equity-based compensation expense comprising amortization of AOG Units, (ii) income taxes, (iii) amortization of intangibles associated with the 2007 Reorganization as well as acquisitions and (iv) Non-Controlling Interests excluding the remaining interest held by certain individuals who receive an allocation of income from certain of our credit management companies. In addition, segment data excludes the assets, liabilities and operating results of the Apollo funds and consolidated VIEs that are included in the condensed consolidated financial statements. ENI is not a U.S. GAAP measure.

The preparation of financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that could affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates. A summary of our significant accounting policies is presented in our condensed consolidated financial statements. The following is a summary of our accounting policies that are affected most by judgments, estimates and assumptions.

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Consolidation

Apollo consolidates those entities it controls through a majority voting interest or through other means, including those funds for which the general partner is presumed to have control (i.e., AAA and the Apollo Senior Loan Fund). Apollo also consolidates entities that are VIEs for which Apollo is the primary beneficiary. Under the amended consolidation rules, an enterprise is determined to be the primary beneficiary if it holds a controlling financial interest. A controlling financial interest is defined as (a) the power to direct the activities of a VIE that most significantly impact the entity s business and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE.

Certain of our subsidiaries hold equity interests in and/or receive fees qualifying as variable interests from the funds that the Company manages. The amended consolidation rules require an analysis to determine whether (a) an entity in which Apollo holds a variable interest is a VIE and (b) Apollo s involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests (e.g., carried interest and management fees), would give it a controlling financial interest. When the VIE has qualified for the deferral of the amended consolidation rules in accordance with U.S. GAAP, the analysis is based on previous consolidation rules, which require an analysis to determine whether (a) an entity in which Apollo holds a variable interest is a VIE and (b) Apollo s involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests (e.g., carried interest and management fees), would be expected to absorb a majority of the variability of the entity.

Under both the previous and amended consolidation rules, the determination of whether an entity in which Apollo holds a variable interest is a VIE requires judgments which include determining whether the equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support, evaluating whether the equity holders, as a group, can make decisions that have a significant effect on the success of the entity, determining whether two or more parties equity interests should be aggregated, and determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive returns from an entity. Under both the previous and amended consolidation rules, Apollo determines whether it is the primary beneficiary of a VIE at the time it becomes involved with a VIE and reconsiders that conclusion continuously. The consolidation analysis can generally be performed qualitatively. However, if it is not readily apparent whether Apollo is the primary beneficiary, a quantitative expected losses and expected residual returns calculation will be performed. Investments and redemptions (either by Apollo, affiliates of Apollo or third parties) or amendments to the governing documents of the respective Apollo fund may affect an entity s status as a VIE or the determination of the primary beneficiary.

Apollo assesses whether it is the primary beneficiary and will consolidate or deconsolidate the entity accordingly. Performance of that assessment requires the exercise of judgment. Where the variable interests have qualified for the deferral, judgments are made in estimating cash flows in evaluating which member within the equity group absorbs a majority of the expected profits or losses of the VIE. Where the variable interests have not qualified for the deferral, judgments are made in determining whether a member in the equity group has a controlling financial interest including power to direct activities that most significantly impact the VIE s economic performance and rights to receive benefits or obligations to absorb losses that are potentially significant to the VIE. Under both guidelines, judgment is made in evaluating the nature of the relationships and activities of the parties involved in determining if there is a related-party group, and if so, which party within the related-party group is most closely associated with the VIE. The use of these judgments has a material impact to certain components of Apollo s condensed consolidated financial statements.

Assets and liability amounts of the consolidated VIEs are shown in separate sections within the condensed consolidated statements of financial condition.

Additional disclosures regarding VIEs are set forth in note 5 to our condensed consolidated financial statements. Inter-company transactions and balances, if any, have been eliminated in consolidation.

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Revenue Recognition

Carried Interest Income from Affiliates. We earn carried interest income from our funds as a result of such funds achieving specified performance criteria. Such carried interest income generally is earned based upon a fixed percentage of realized and unrealized gains of various funds after meeting any applicable hurdle rate or threshold minimum. Carried interest income from certain of the funds that we manage is subject to contingent repayment and is generally paid to us as particular investments made by the funds are realized. If, however, upon liquidation of a fund, the aggregate amount paid to us as carried interest exceeds the amount actually due to us based upon the aggregate performance of the fund, the excess (in certain cases net of taxes) is required to be returned by us to that fund. For a majority of our credit funds, once the annual carried interest income has been determined, there generally is no look-back to prior periods for a potential contingent repayment, however, carried interest income on certain other credit funds can be subject to contingent repayment at the end of the life of the fund. We have elected to adopt Method 2 from U.S. GAAP guidance applicable to accounting for carried interest based on a formula, and under this method, we accrue carried interest income quarterly based on fair value of the underlying investments and separately assess if contingent repayment is necessary. The determination of carried interest income and contingent repayment considers both the terms of the respective partnership agreements and the current fair value of the underlying investments within the funds. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds and could vary depending on the valuation methodology that is used. Refer to our Segment Analysis in our management s discussion and analysis of financial condition and results of operations for disclosure of the amounts of carried interest income (loss) from affiliates that was generated from realized versus unrealized losses. See Investments, at Fair Value below for further discussion related to significant estimates and assumptions used for determining fair value of the underlying investments in our credit, private equity and real estate funds.

Management Fees from Affiliates. The management fees related to our private equity funds are generally based on a fixed percentage of the committed capital or invested capital. The corresponding fee calculations that consider committed capital or invested capital are both objective in nature and therefore do not require the use of significant estimates or assumptions. Management fees related to our credit funds, by contrast, can be based on net asset value, gross assets, adjusted cost of all unrealized portfolio investments, capital commitments, adjusted assets, or capital contributions, all as defined in the respective partnership agreements. The credit management fee calculations that consider net asset value, gross assets, adjusted cost of all unrealized portfolio investments and adjusted assets, are normally based on the terms of the respective partnership agreements and the current fair value of the underlying investments within the funds. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds and could vary depending on the valuation methodology that is used. The management fees related to our real estate funds are generally based on a specific percentage of the funds stockholders equity or committed or net invested capital or the capital accounts of the limited partners. See Investments, at Fair Value below for further discussion related to significant estimates and assumptions used for determining fair value of the underlying investments in our credit and private equity funds.

Investments, at Fair Value

The Company follows U.S. GAAP attributable to fair value measurements, which among other things, requires enhanced disclosures about investments that are measured and reported at fair value. Investments, at fair value, represent investments of the consolidated funds, investments of the consolidated VIEs and certain financial instruments for which the fair value option was elected and the unrealized gains and losses resulting from changes in the fair value are reflected as net gains (losses) from investment activities and net gains (losses) from investment activities of the consolidated variable interest entities, respectively, in the condensed consolidated statements of operations. In accordance with U.S. GAAP, investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivatives. As required by U.S. GAAP, the Company does not adjust the quoted price for these investments, even in situations where the Company holds a large position and the sale of such position would likely deviate from the quoted price.

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Level II Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives where the fair value is based on observable inputs. These investments exhibit higher levels of liquid market observability as compared to Level III investments. The Company subjects broker quotes to various criteria in making the determination as to whether a particular investment would qualify for treatment as a Level II investment. These criteria include, but are not limited to, the number and quality of broker quotes, the standard deviation of obtained broker quotes, and the percentage deviation from independent pricing services.

Level III Pricing inputs are unobservable for the investment and includes situations where there is little observable market activity for the investment. The inputs into the determination of fair value may require significant management judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt and non-investment grade residual interests in securitizations and collateralized debt obligations where the fair value is based on observable inputs as well as unobservable inputs. When a security is valued based on broker quotes, the Company subjects those quotes to various criteria in making the determination as to whether a particular investment would qualify for treatment as a Level II or Level III investment. Some of the factors we consider include the number of broker quotes we obtain, the quality of the broker quotes, the standard deviations of the observed broker quotes and the corroboration of the broker quotes to independent pricing services.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment where the fair value is based on unobservable inputs.

In cases where an investment or financial instrument measured and reported at fair value is transferred into or out of Level III of the fair value hierarchy, the Company accounts for the transfer as of the end of the reporting period.

Equity Method Investments. For investments in entities over which the Company exercises significant influence but which do not meet the requirements for consolidation, the Company uses the equity method of accounting, whereby the Company records its share of the underlying income or loss of such entities. Income (loss) from equity method investments is recognized as part of other income (loss) in the condensed consolidated statements of operations and income (loss) on available-for-sale securities (from equity method investments) is recognized as part of other comprehensive income (loss), net of tax in the condensed consolidated statements of comprehensive income (loss). The carrying amounts of equity method investments are reflected in investments in the condensed consolidated statements of financial condition. As the underlying entities that the Company manages and invests in are, for U.S. GAAP purposes, primarily investment companies which reflect their investments at estimated fair value, the carrying value of the Company s equity method investments in such entities are at fair value.

Private Equity Investments. The majority of the investments within our private equity funds are valued using the market approach, which provides an indication of fair value based on a comparison of the subject Company to comparable publicly traded companies and transactions in the industry.

Market Approach. The market approach is driven by current market conditions, including actual trading levels of similar companies and, to the extent available, actual transaction data of similar companies. Judgment is required by management when assessing which companies are similar to the subject company being valued. Consideration may also be given to any of the following factors: (1) the subject company s historical and projected financial data; (2) valuations given to comparable companies; (3) the size and scope of the subject company s operations; (4) the subject company s individual strengths

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and weaknesses; (5) expectations relating to the market s receptivity to an offering of the subject company s securities; (6) applicable restrictions on transfer; (7) industry and market information; (8) general economic conditions; and (9) other factors deemed relevant. Market approach valuation models typically employ a multiple that is based on one or more of the factors described above. Sources for gaining additional knowledge related to comparable companies include public filings, annual reports, analyst research reports, and press releases. Once a comparable company set is determined, we review certain aspects of the subject company s performance and determine how its performance compares to the group and to certain individuals in the group. We compare certain measurements such as EBITDA margins, revenue growth over certain time periods, leverage ratios, and growth opportunities. In addition, we compare our entry multiple and its relation to the comparable set at the time of acquisition to understand its relation to the comparable set on each measurement date.

Income Approach. For investments where the market approach does not provide adequate fair value information, we rely on the income approach. The income approach is also used to value investments or validate the market approach within our private equity funds. The income approach provides an indication of fair value based on the present value of cash flows that a business or security is expected to generate in the future. The most widely used methodology used in the income approach is a discounted cash flow method. Inherent in the discounted cash flow method are significant assumptions related to the subject company s expected results and a calculated discount rate, which is normally based on the subject company s weighted average cost of capital, or WACC. The WACC represents the required rate of return on total capitalization, which is comprised of a required rate of return on equity, plus the current tax-effected rate of return on debt, weighted by the relative percentages of equity and debt that are typical in the industry. The most critical step in determining the appropriate WACC for each subject company is to select companies that are comparable in nature to the subject company. Sources for gaining additional knowledge about the comparable companies include public filings, annual reports, analyst research reports, and press releases. The general formula then used for calculating the WACC considers the after-tax rate of return on debt capital and the rate of return on common equity capital, which further considers the risk-free rate of return, market beta, market risk premium and small stock premium, if applicable. The variables used in the WACC formula are inferred from the comparable market data obtained. The Company evaluates the comparable companies selected and concludes on WACC inputs based on the most comparable company or analyzes the range of data for the investment.

The value of liquid investments, where the primary market is an exchange (whether foreign or domestic) is determined using period end market prices. Such prices are generally based on the close price on the date of determination.

On a quarterly basis, Apollo utilizes a valuation committee consisting of members from senior management that review and approve the valuation results related to our private equity investments. Management also retains independent valuation firms to provide third-party valuation consulting services to Apollo, which consist of certain limited procedures that management identifies and requests them to perform. The limited procedures provided by the independent valuation firms assist management with validating their valuation results or determining fair value. Management performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analysis.

Credit Investments. The majority of investments in Apollo s credit funds are valued based on valuation models and quoted market prices. Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value utilizing recognized pricing services, market participants or other sources. The credit funds also enter into foreign currency exchange contracts, credit default swap contracts, and other derivative contracts, which may include options, caps, collars and floors. Foreign currency exchange contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. If securities are held at the end of this period, the changes in value are recorded in income as unrealized. Realized gains or losses are recognized when contracts are settled. Credit default swap contracts are recorded at fair value as an asset or liability with changes in fair value recorded as unrealized appreciation or depreciation. Realized gains or losses are recognized at the termination of the contract based on the difference between the close-out price of the credit default contract and the original contract price.

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Forward contracts are valued based on market rates obtained from counterparties or prices obtained from recognized financial data service providers. When determining fair value pricing when no observable market value exists, the value attributed to an investment is based on the enterprise value at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation approaches used to estimate the fair value of illiquid investments included in Apollo s credit investments also may include the market approach and the income approach, as previously described above.

On a quarterly basis, Apollo utilizes a valuation sub-committee consisting of members from senior management to review and approve the valuation results related to our credit investments. Management performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analysis.

Real Estate Investments. For the CMBS portfolio of Apollo s real estate funds, the estimated fair value of the AAA-rated CMBS portfolio is determined by reference to market prices provided by certain dealers who make a market in these financial instruments. Broker quotes are only indicative of fair value and may not necessarily represent what the funds would receive in an actual trade for the applicable instrument. Additionally, the loans held-for-investment are stated at the principal amount outstanding, net of deferred loan fees and costs for certain investments. For the opportunistic and value added real estate funds, valuations of non-marketable underlying investments are determined using methods that include, but are not limited to (i) discounted cash flow estimates or comparable analysis prepared internally, (ii) third party appraisals or valuations by qualified real estate appraisers, and (iii) contractual sales value of investments/properties subject to bona fide purchase contracts. Methods (i) and (ii) also incorporate consideration of the use of the income, cost, or sales comparison approaches of estimating property values.

On a quarterly basis, Apollo utilizes a valuation sub-committee consisting of members from senior management to review and approve the valuation results related to our real estate investments. Management performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analysis.

The fair values of the investments in our private equity, credit and real estate funds can be impacted by changes to the assumptions used in the underlying valuation models. For further discussion on the impact of changes to valuation assumptions refer to Item 7A. Quantitative and Qualitative Disclosures About Market Risk Sensitivity in our Form 10-K for the year ended December 31, 2011 filed with the SEC on March 9, 2012. There have been no material changes to the underlying valuation models during the periods that our financial results are presented.

Fair Value of Financial Instruments

U.S. GAAP guidance requires the disclosure of the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Except for the Company s debt obligation related to the AMH Credit Agreement (as discussed in note 9 to our condensed consolidated financial statements), Apollo s financial instruments are recorded at fair value or at amounts whose carrying value approximates fair value. See Investments, at Fair Value above. While Apollo s valuations of portfolio investments are based on assumptions that Apollo believes are reasonable under the circumstances, the actual realized gains or losses will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based. Other financial instruments carrying values generally approximate fair value because of the short-term nature of those instruments or variable interest rates related to the borrowings. As disclosed in note 9 to our condensed consolidated financial statements, the Company s long term debt obligation related to the AMH Credit Agreement is believed to have an estimated fair value of approximately $795.5 million based on a yield analysis using available market data of comparable securities with similar terms and remaining maturities as of September 30, 2012. However, the carrying value that is recorded on the condensed consolidated statements of financial condition is the amount for which we expect to settle the long term debt obligation.

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Valuation of Financial Instruments held by Consolidated VIEs

The consolidated VIEs hold investments that are traded over-the-counter. Investments in securities that are traded on a securities exchange or comparable over-the-counter quotation systems are valued based on the last reported sale price at that date. If no sales of such investments are reported on such date, and in the case of over-the-counter securities or other investments for which the last sale date is not available, valuations are based on independent market quotations obtained from market participants, recognized pricing services or other sources deemed relevant, and the prices are based on the average of the bid and ask prices, or at ascertainable prices at the close of business on such day. Market quotations are generally based on valuation pricing models or market transactions of similar securities adjusted for security-specific factors such as relative capital structure priority and interest and yield risks, among other factors.

The consolidated VIEs also have debt obligations that are recorded at fair value. The valuation approach used to estimate the fair values of debt obligations is the discounted cash flow method, which includes consideration of the cash flows of the debt obligation based on projected quarterly interest payments and quarterly amortization. Debt obligations are discounted based on the appropriate yield curve given the loan s respective maturity and credit rating. Management uses its discretion and judgment in considering and appraising relevant factors for determining the valuations of its debt obligations.

Fair Value Option. Apollo has elected the fair value option for the assets and liabilities of the consolidated VIEs. Such election is irrevocable and is applied to financial instruments on an individual basis at initial recognition. Apollo has elected to separately present interest income in the condensed consolidated statements of operations from other changes in the fair value of the convertible notes issued by HFA. Apollo has applied the fair value option for certain corporate loans, other investments and debt obligations held by these entities that otherwise would not have been carried at fair value. Refer to note 5 to our condensed consolidated financial statements for further disclosure on financial instruments of the consolidated VIEs for which the fair value option has been elected.

Compensation and Benefits

Compensation and benefits include salaries, bonuses, profit sharing plans and the amortization of equity-based compensation. Bonuses are accrued over the service period. From time to time, the Company may distribute profits interests as a result of waived management fees to its investment professionals, which are considered compensation. Additionally, certain employees have arrangements whereby they are entitled to receive a percentage of carried interest income based on the fund s performance. To the extent that individuals are entitled to a percentage of the carried interest income and such entitlement is subject to potential forfeiture at inception, such arrangements are accounted for as profit sharing plans, and compensation expense is recognized as the related carried interest income is recognized.

Profit Sharing Expense Profit sharing expense consists of a portion of carried interest recognized in one or more funds that is allocated to employees and former employees. Profit sharing expense is recognized on an accrued basis as the related carried interest income is earned. Profit sharing expense can be reversed during periods when there is a decline in carried interest income that was previously recognized. Additionally, profit sharing expenses paid may be subject to clawback from employees, former employees and the Contributing Partners.

Changes in the fair value of the contingent obligations that were recognized in connection with certain Apollo acquisitions will be reflected in the Company s condensed consolidated statements of operations as profit sharing expense.

In June 2011, the Company adopted a performance based incentive arrangement for certain Apollo partners and employees designed to more closely align compensation on an annual basis with the overall realized performance of the Company. This arrangement enables certain partners and employees to earn discretionary compensation based on carried interest realizations earned by the Company in a given year, which amounts are reflected in profit sharing expense in the accompanying condensed consolidated financial statements.

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Incentive Fee Compensation. Certain employees are entitled to receive a discretionary portion of incentive fee income from certain of our credit funds, based on performance for the period. Incentive fee compensation expense is recognized on an accrual basis as the related carried interest income is earned.

Equity-Based Compensation. Equity-based compensation requires that the cost of employee services received in exchange for an award of equity instruments is generally measured based on the grant date fair value of the award. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately. Equity-based employee awards that require future service are recognized over the relevant service period. Further, as required under U.S. GAAP, the Company estimates forfeitures using industry comparables or historical trends for equity-based awards that are not expected to vest. Apollo s equity-based compensation awards consist of, or provide rights with respect to AOG Units, RSUs, share options, AAA RDUs, ARI restricted stock awards, ARI RSUs and AMTG RSUs. The Company s assumptions made to determine the fair value on grant date and the estimated forfeiture rate are embodied in the calculations of compensation expense.

Another significant part of our compensation expense is derived from amortization of the AOG Units subject to forfeiture by our Managing Partners and Contributing Partners. The estimated fair value was determined and recognized over the forfeiture period on a straight-line basis. We have estimated a 0% and 3% forfeiture rate for our Managing Partners and Contributing Partners, respectively, based on the Company s historical attrition rate for this level of staff as well as industry comparable rates. If either the Managing Partners or Contributing Partners are no longer associated with Apollo or if there is no turnover, we will revise our estimated compensation expense to the actual amount of expense based on the units vested at the balance sheet date in accordance with U.S. GAAP.

Additionally, the value of the AOG Units have been reduced to reflect the transfer restrictions imposed on units issued to the Managing Partners and Contributing Partners as well as the lack of rights to participate in future Apollo Global Management, LLC equity offerings. These awards have the following characteristics:

Awards granted to the Managing Partners (i) are not permitted to be sold to any parties outside of the Apollo Global Management, LLC control group and transfer restrictions lapse pro rata during the forfeiture period over 60 or 72 months, and (ii) allow the Managing Partners to initiate a change in control.

Awards granted to the Contributing Partners (i) are not permitted to be sold or transferred to any parties except to the Apollo Global Management, LLC control group and (ii) the transfer restriction period lapses over six years (which is longer than the forfeiture period which lapses ratably over 60 months).

As noted above, the AOG Units issued to the Managing Partners and Contributing Partners have different restrictions which affect the liquidity of, and the discounts applied to, each grant.

We utilized the Finnerty Model to calculate a discount on the AOG Units granted to the Contributing Partners. The Finnerty Model provides for a valuation discount reflecting the holding period restriction embedded in a restricted stock preventing its sale over a certain period of time. Along with the Finnerty Model we applied adjustments to account for the existence of liquidity clauses specific to Contributing Partner units and a minority interest consideration as compared to units sold through the strategic investor transaction in 2007. The combination of these adjustments yielded a fair value estimate of the AOG Units granted to the Contributing Partners.

The Finnerty Model proposes to estimate a discount for lack of marketability such as transfer restrictions by using an option pricing theory. This model has gained recognition through its ability to address the magnitude of the discount by considering the volatility of a company s stock price and the length of restriction. The concept underpinning the Finnerty Model is that restricted stock cannot be sold over a certain period of time. Further simplified, a restricted share of equity in a company can be viewed as having forfeited a put on the average price of the marketable equity over the restriction period (also known as an Asian Put Option). If we price an Asian Put Option and compare this value to that of the assumed fully marketable underlying stock, we can effectively estimate the marketability discount.

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The assumptions utilized in the model were (i) length of holding period, (ii) volatility, (iii) dividend yield and (iv) risk free rate. Our assumptions were as follows:

(i) We assumed a maximum two year holding period.

(ii) We concluded based on industry peers, that our volatility annualized would be approximately 40%.

(iii) We assumed no distributions.

(iv) We assumed a 4.88% risk free rate based on U.S. Treasuries with a two year maturity.

For the Contributing Partners grants, the Finnerty Model calculation, as detailed above, yielded a marketability discount of 25%. This marketability discount, along with adjustments to account for the existence of liquidity clauses and consideration of non-controlling interests as compared to units sold through the strategic investors transaction in 2007, resulted in an overall discount for these grants of 29%.

We determined a 14% discount for the grants to the Managing Partners based on the equity value per share of $24. We determined that the value of the grants to the Managing Partners was supported by the 2007 sale of an identical security to Credit Suisse Management, LLC at $24 per share. Based on an equity value per share of $24, the implied discount for the grants to the Managing Partners was 14%. The Contributing Partners yielded a larger overall discount of 29%, as they are unable to cause a change in control of Apollo. This results in a lower fair value estimate, as their units have fewer beneficial features than those of the Managing Partners.

Income Taxes

Apollo has historically generally operated in the U.S. as partnerships for U.S. Federal income tax purposes and generally as corporate entities in non-U.S. jurisdictions. As a result, income generally 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 condensed consolidated financial statements. Income taxes presented on the condensed consolidated statements of operations are attributable to the NYC UBT and income taxes on certain entities located in non-U.S. jurisdictions.

Following the 2007 Reorganization, the Apollo Operating Group and its subsidiaries continue to generally operate in the U.S. as partnerships for U.S. Federal income tax purposes and generally as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases are subject to NYC UBT, or in the case of non-U.S. entities, to non-U.S. corporate income taxes. In addition, APO Corp., a wholly-owned subsidiary of the Company, is subject to U.S. Federal, state and local corporate income tax, and the Company s provision for income taxes is accounted for in accordance with U.S. GAAP.

As significant judgment is required in determining tax expense and in evaluating tax positions, including evaluating uncertainties, we recognize the tax benefits of uncertain tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. The tax benefit is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. If a tax position is not considered more likely than not to be sustained, then no benefits of the position are recognized. The Company s tax positions are reviewed and evaluated quarterly to determine whether or not we have uncertain tax positions that require financial statement recognition.

Deferred income taxes are provided for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the condensed consolidated statements of financial condition. These temporary differences result in taxable or deductible amounts in future years.

Deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amount of assets and liabilities and their respective tax basis using currently enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

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Recent Accounting Pronouncements

A list of recent accounting pronouncements that are relevant to Apollo and its industry is included in note 2 to our condensed consolidated financial statements.

Off-Balance Sheet Arrangements

In the normal course of business, we engage in off-balance sheet arrangements, including transactions in derivatives, guarantees, commitments, indemnifications and potential contingent repayment obligations. See note 13 to our condensed consolidated financial statements for a discussion of guarantees and contingent obligations.

Contractual Obligations, Commitments and Contingencies

As of September 30, 2012, the Company s material contractual obligations consist of lease obligations, contractual commitments as part of the ongoing operations of the funds and debt obligations. Fixed and determinable payments due in connection with these obligations are as follows:

	Remaining 2012	2013	2014	2015	2016	Thereafter	Total
				(in thousands)			
Operating lease obligations[1]	$ 8,777	$ 35,483	$ 35,971	$ 35,026	$ 35,125	$ 106,508	$ 256,890
Other long-term obligations[2]	3,392	3,264	500	250			7,406
AMH Credit Agreement[3]	7,594	30,377	85,327	78,210	26,115	623,484	851,107
CIT secured loan agreement	252	9,619					9,871
Obligations as of September 30, 2012	$ 20,015	$ 78,743	$ 121,798	$ 113,486	$ 61,240	$ 729,992	$ 1,125,274

(1) The Company has entered into sublease agreements and will contractually receive approximately $15.3 million over the remaining periods of 2012 and thereafter.

(2) Includes (i) payments on management service agreements related to certain assets and (ii) payments with respect to certain consulting agreements entered into by the Company. Note that a significant portion of these costs are reimbursable by funds.

(3) $723.3 million, net ($995.0 million portion less amount repurchased) of the AMH debt matures in January 2017 and $5.0 million matures in April 2014. Amounts represent estimated interest payments until the loan matures using an estimated weighted average annual interest rate of 4.18%.

Note: Due to the fact that the timing of certain amounts to be paid cannot be determined or for other reasons discussed below, the following contractual commitments have not been presented in the table above.

(i) Amounts do not include the senior secured term loan entered into by AAA Investments of which $305.3 million was utilized as of September 30, 2012. The term loan matures on June 30, 2015. AAA is consolidated by the Company in accordance with U.S. GAAP. The Company does not guarantee and has no legal obligation to repay amounts outstanding under the term loan. Accordingly, the $305.3 million outstanding balance was excluded from the table above.

(ii) As noted previously, we have entered into a tax receivable agreement with our Managing Partners and Contributing Partners which requires us to pay to our Managing Partners and Contributing Partners 85% of any tax savings received by APO Corp. from our step-up in tax basis. The tax savings achieved may not ensure that we have sufficient cash available to pay this liability and we might be required to incur additional debt to satisfy this liability.

(iii) Debt amounts related to the consolidated VIEs are not presented in the table above as the Company is not a guarantor of these non-recourse liabilities.

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Commitments

Our management companies and general partners have committed that we, or our affiliates, will invest a certain percentage of capital into the funds we manage. While a small percentage of these amounts are funded by us, the majority of these amounts have historically been funded by our affiliates, including certain of our employees and certain Apollo funds. The table below presents the commitment and remaining commitment amounts of Apollo and its affiliates, the percentage of total fund commitments of Apollo and its affiliates, the commitment and remaining commitment amounts of Apollo only (excluding affiliates), and the percentage of total fund commitments of Apollo only (excluding affiliates) for each private equity fund, credit fund and real estate fund as of September 30, 2012 as follows ($ in millions):

Fund	Apollo and Affiliates Commitments	% of Total Fund Commitments	Apollo Only (Excluding Affiliates) Commitments	Apollo Only (Excluding Affiliates) % of Total Fund Commitments	Apollo and Affiliates Remaining Commitments	Apollo Only (Excluding Affiliates) Remaining Commitments
Private Equity:						
Fund VII	$ 467.2[1]	3.18%	$ 177.7	1.21%	$ 151.3[1]	$ 56.4
Fund VI	246.2	2.43	6.3	0.06	24.3	0.6
Fund V	100.0	2.67	0.5	0.01	6.3	[2]
Fund IV	100.0	2.78	0.2	0.01	0.5	[2]
Fund III	100.6	6.71			15.5	
ANRP	366.5[1]	40.06	9.7	1.06	280.1[1]	7.5
AION	124.5	50.85	24.5	10.00	124.5	24.5
Credit:						
EPF I[7]	345.5[3]	20.75	22.8	1.37	68.8[4]	5.8
EPF II[7]	289.3	11.29	64.3	2.51	275.6	60.6
SOMA[8]						
COF I	451.1[6]	30.38	29.7	2.00	237.4[6]	4.2
COF II	30.5	1.93	23.4	1.48	0.8	0.6
ACLF[5]	23.9	2.43	23.9	2.43	12.9	12.9
Palmetto	18.0	1.19	18.0	1.19	7.5	7.5
AIE II[7]	8.4	3.15	5.1	1.94	0.8	0.5
A-A European Senior Debt Fund, L.P.	50.0	100.00				
FCI	150.7	26.96			63.8	
Apollo/Palmetto Loan Portfolio, L.P.	300.0[1]	100.00			85.0[1]	
Apollo/Palmetto Short-Maturity Loan Portfolio, L.P.	200.0[1]	100.00			[1]	
AESI[7]	4.5	0.99	4.5	0.99	2.1	2.1
AEC.	6.8	2.50	2.6	0.96	3.7	1.4
Apollo Centre Street Partnership, L.P.	15.0	2.44	15.0	2.44	10.4	10.4
Apollo Asia Private Credit Fund, L.P.	157.4	91.30	0.1	0.06	110.5	0.1
Apollo SK Strategic Investments, L.P.	2.0	0.99	2.0	0.99	1.5	1.5
Stone Tower Structured Credit Recovery Master Fund II, Ltd.	1.5	1.80			0.3	
Stone Tower Credit Solutions Master Fund, Ltd.	1.0	0.92			0.3	
Real Estate:						
AGRE U.S. Real Estate Fund	613.2[1]	78.09	13.2	1.68	532.2[1]	9.80
CPI Capital Partners North America	7.5	1.26	2.0	0.33	0.6	0.2
CPI Capital Partners Europe[7]	7.0	0.47			1.3	
CPI Capital Partners Asia Pacific	6.9	0.53	0.5	0.04	0.7	
London Prime Apartments Guernsey Holdings Limited[9]	18.3	7.80	0.6	0.23	11.8	0.4
Apollo GSS Holding (Cayman), L.P.[9]	10.5	14.71	3.2	4.52	4.4	1.3
2012 CMBS I Fund, L.P	66.2	100.00			6.1	
2012 CMBS II Fund, L.P.	66.2	100.00			43.8	
AGRE 2011 A4 Fund, L.P.	234.7	100.00				
Other:						
Apollo SPN Investments I, L.P.	33.4	1.10%	33.4	1.10%	33.4	33.4

Total	$ 4,624.5	$ 483.2	$ 2,118.2	$ 241.7

(1) As of September 30, 2012, Palmetto had commitments and remaining commitment amounts in Fund VII of $110.0 million and $35.0 million, respectively, ANRP of $150.0 million and $114.5 million, respectively, Apollo/Palmetto Loan Portfolio, L.P. of $300.0 million and $85.0 million, respectively, Apollo/Palmetto Short-Maturity Loan Portfolio, L.P. of $200.0 million and $0.0 million, respectively, and AGRE U.S. Real Estate Fund, L.P. of $300 million and $249.5 million, respectively.

(2) As of September 30, 2012, Apollo had an immaterial amount of remaining commitments in Fund IV and Fund V. Accordingly, presentation of such remaining commitments was not deemed meaningful for inclusion in the table above.

(3) Of the total commitment amount in EPF, AAA, SOMA and Palmetto have approximately 54.5 million, 75.0 million and 106.0 million, respectively.

(4) Of the total remaining commitment amount in EPF, AAA, SOMA and Palmetto have approximately 10.4 million, 14.3 million and 20.3 million, respectively.

(5) As of September 30, 2012, the general partner of ACLF Co-Invest, a co-investment vehicle that invests alongside ACLF, had committed an immaterial amount to ACLF Co-Invest. Accordingly, presentation of such commitment was not deemed meaningful for inclusion in the table above.

(6) As of September 30, 2012, SOMA had commitments and remaining commitment amounts in COF I of $250.0 million and $202.0 million, respectively.

(7) Apollo s commitment in these funds is denominated in Euros and translated into U.S. dollars at an exchange rate of 1.00 to $1.29 as of September 30, 2012.

(8) Apollo and affiliated investors must maintain an aggregate capital balance in an amount not less than 1% of total capital account balances of the partnership. As of September 30, 2012, Apollo and its affiliates capital balances exceeded the 1% requirement and are not required to fund a capital commitment.

(9) Apollo s commitment in these investments is denominated in pound sterling and translated into U.S. dollars at an exchange rate of £1.00 to $1.62 as of September 30, 2012.

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As a limited partner, the general partner and manager of the Apollo private equity, credit and real estate funds, Apollo has unfunded capital commitments at September 30, 2012 and December 31, 2011 of $241.7 million and $137.9 million, respectively.

Apollo has an ongoing obligation to acquire additional common units of AAA in an amount equal to 25% of the aggregate after-tax cash distributions, if any, that are made to its affiliates pursuant to the carried interest distribution rights that are applicable to investments made through AAA Investments.

The AMH Credit Agreement, which provides for a variable-rate term loan, will have future impacts on our use of cash. Borrowings under the AMH Credit Agreement originally accrued interest at a rate of (i) LIBOR loans (LIBOR plus 1.25%), or (ii) base rate loans (base rate plus 0.50%). The Company hedged $167 million of the variable-rate loan with fixed rate swaps to minimize our interest rate risk and the interest rate swaps expired in May 2012. The loan was originally scheduled to mature in April 2014. On December 20, 2010, Apollo amended the AMH Credit Agreement to extend the maturity date of $995 million of the term loans from April 20, 2014 to January 3, 2017 and modified certain other terms of the Credit Agreement. Pursuant to this amendment, AMH or an affiliate was required to purchase from each lender that elected to extend the maturity date of its term loan a portion of such extended term loan equal to 20% thereof. In addition, AMH or an affiliate is required to repurchase at least $50 million aggregate principal amount of term loans by December 31, 2014 and at least $100 million aggregate principal amount of term loans (inclusive of the previously purchased $50.0 million) by December 31, 2015 at a price equal to par plus accrued interest. The sweep leverage ratio (which is a figure that varies over time that is used to determine the applicable level of certain carve-outs to the negative covenants as well as to determine the level of AMH s cash collateralization requirements) was extended to end at the new extended maturity date. The interest rate for the highest applicable margin for the loan portion extended changed to LIBOR plus 4.25% and base rate plus 3.25%. On December 20, 2010, an affiliate of AMH that is a guarantor under the AMH Credit Agreement repurchased approximately $180.8 million of term loans in connection with the extension of the maturity date of such loans and thus the AMH loans (excluding the portions held by AMH affiliates) had a remaining outstanding balance of $728.3 million. The Company determined that the amendments to the AMH Credit Agreement resulted in debt extinguishment which did not result in any gain or loss.

The interest rate on the $723.3 million, net ($995.0 million portion less amount repurchased by the Company) of the loan at September 30, 2012 was 4.19% and the interest rate on the remaining $5.0 million portion of the loan at September 30, 2012 was 1.44%. The estimated fair value of the Company s long-term debt obligation related to the AMH Credit Agreement is believed to be approximately $795.5 million based on a yield analysis using available market data of comparable securities with similar terms and remaining maturities. The $728.3 million carrying value of debt that is recorded on the condensed consolidated statements of financial condition at September 30, 2012 is the amount for which the Company expects to settle the AMH Credit Agreement.

On June 30, 2008, the Company entered into a credit agreement with Fund VI, pursuant to which Fund VI advanced $18.9 million of carried interest income to the limited partners of Apollo Advisors VI, L.P., who are also employees of the Company. The loan obligation accrues interest at an annual fixed rate of 3.45% and terminates on the earlier of June 30, 2017 or the termination of Fund VI. In March 2011, a right of offset for the indemnified portion of the loan obligation was established between the Company and Fund VI, therefore the loan was reduced in the amount of $10.9 million, which is offset in carried interest receivable on the condensed consolidated statements of financial condition. At December 31, 2011, the total outstanding loan aggregated $9.0 million, including accrued interest of $1.0 million, which approximated fair value, of which approximately $6.5 million was not subject to the indemnity discussed above and is a receivable from the Contributing Partners and certain employees. During the three and nine months ended September 30, 2012, there was no interest paid. During the three and nine months ended September 30, 2012, there was $0.1 million and $0.2 million accrued interest on the outstanding loan obligation. As of September 30, 2012, the total outstanding loan aggregated $9.2 million, including accrued interest of $1.2 million which approximated fair value, of which approximately $6.6 million was not subject to the indemnity discussed in note 12 to our condensed consolidated financial statements and is a receivable from the Contributing Partners and certain employees.

In accordance with the agreement entered into with the Managing Partners dated July 13, 2007, as amended, and the above credit agreement, we have indemnified the Managing Partners and certain

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Contributing Partners (at varying percentages) for any carried interest income distributed from Fund IV, Fund V and Fund VI that is subject to contingent repayment by the general partner. As discussed in note 12 to our condensed consolidated financial statements, the Company has recorded a general partner obligation to return previously distributed carried interest income or fees of $170.2 million and $3.9 million relating to Fund VI and SOMA, respectively.

Contingent Obligations Carried interest income in private equity funds, certain credit and real estate funds is subject to reversal in the event of future losses to the extent of the cumulative carried interest recognized in income to date. If all of the existing investments became worthless, the amount of cumulative revenues that has been recognized by Apollo through September 30, 2012 and that would be reversed approximates $2.4 billion. Management views the possibility of all of the investments becoming worthless as remote. Carried interest income is affected by changes in the fair values of the underlying investments in the funds that Apollo manages. Valuations, on an unrealized basis, can be significantly affected by a variety of external factors including, but not limited to, bond yields and industry trading multiples. Movements in these items can affect valuations quarter to quarter even if the underlying business fundamentals remain stable. The table below indicates the potential future reversal of carried interest income:

		September 30, 2012
Private Equity Funds:		
Fund VII	$	1,317,477
Fund V		205,377
Fund IV		27,040
Other (AAA, Stanhope)		23,968
Total Private Equity Funds		1,573,862
Credit Funds:		
Distressed and Event-Driven Hedge Funds (Value Funds)		16,900
Mezzanine Funds (AIE II)		30,633
Non-Performing Loan Fund (EPF I)		88,054
Senior Credit Funds (COF I/COF II, ACLF, AESI, AEC, collateralized loan obligations (CLOs))		487,802
Stone Tower Funds/CLOs		136,822
Sub-Advisory Arrangements		12,809
Total Credit Funds		773,020
Real Estate Funds:		
CPI Other		6,460
Total Real Estate Funds		6,460
Total	$	2,353,342

Additionally, at the end of the life of certain funds that the Company manages, there could be a payment due to a fund by the Company if the Company as general partner has received more carried interest income than was ultimately earned. The general partner obligation amount, if any, will depend on final realized values of investments at the end of the life of each fund. As discussed in note 12, the Company has recorded a general partner obligation to return previously distributed carried interest income of $170.2 million and $3.9 million relating to Fund VI and SOMA, respectively, as of September 30, 2012.

Certain funds may not generate carried interest income as a result of unrealized and realized losses that are recognized in the current and prior reporting period. In certain cases, carried interest income will not be generated until additional unrealized and realized gains occur. Any appreciation would first cover the deductions for invested capital, unreturned organizational expenses, operating expenses, management fees and priority returns based on the terms of the respective fund agreements.

One of the Company s subsidiaries, AGS, provides underwriting commitments in connection with securities offerings to the portfolio companies of the funds we manage. As of September 30, 2012, there were no underwriting commitments outstanding related to such offerings.

Contingent Consideration

In connection with the Stone Tower acquisition, the Company agreed to pay the former owners of Stone Tower a specified percentage of any future realized incentive fee revenue earned from certain of the Stone Tower Funds, CLOs, CDOs and managed accounts. This contingent consideration liability had an

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Acquisition Date fair value of $117.7 million, which was determined based on the present value of estimated future carried interest payments and is recorded in profit sharing payable in the condensed consolidated statements of financial condition. The fair value of the contingent obligation was $120.5 million as of September 30, 2012. Refer to note 3 for additional details related to the Stone Tower acquisition.

In connection with the Gulf Stream acquisition, the Company will also make payments to the former owners of Gulf Stream under a contingent consideration obligation which requires the Company to transfer cash to the former owners of Gulf Stream based on a specified percentage of carried interest revenue. The contingent obligation had a fair value of approximately $14.0 million as of September 30, 2012, which is recorded in profit sharing payable in the condensed consolidated statements of financial condition. The contingent obligation had a fair value of approximately $4.7 million as of December 31, 2011, which is recorded in due to affiliates in the condensed consolidated statements of financial condition.

In connection with the CPI acquisition, the consideration transferred in the acquisition was contingent consideration in the form of a liability incurred by Apollo to CPI. The liability is an obligation of Apollo to transfer cash to CPI based on a specified percentage of future earnings. The estimated fair value of the contingent liability is $1.2 million as of September 30, 2012 and December 31, 2011 and is recorded in due to affiliates in the condensed consolidated statements of financial condition.

The contingent consideration obligations will be remeasured to fair value at each reporting period until the obligations are satisfied. The changes to the fair value of the contingent consideration obligation will be reflected in profit sharing expense in the condensed consolidated statement of operations.

During the one year measurement period, any changes resulting from facts and circumstances that existed as of the acquisition date will be reflected as a retrospective adjustment to the gain on acquisition and the respective asset acquired or liability assumed.

The Company has determined that the contingent consideration obligations are categorized as Level III liabilities in the fair value hierarchy as the pricing inputs into the determination of fair value require significant management judgment and estimation.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our predominant exposure to market risk is related to our role as investment manager and general partner for our funds and the sensitivity to movements in the fair value of their investments and resulting impact on carried interest income and management fee revenues. Our direct investments in the funds also expose us to market risk whereby movements in the fair values of the underlying investments will increase or decrease both net gains (losses) from investment activities and income (loss) from equity method investments. For a discussion of the impact of market risk factors on our financial instruments refer to Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Investments, at Fair Value.

The fair value of our financial assets and liabilities of our funds may fluctuate in response to changes in the value of investments, foreign exchange, commodities and interest rates. The net effect of these fair value changes impacts the gains and losses from investments in our condensed consolidated statements of operations. However, the majority of these fair value changes are absorbed by the Non-Controlling Interests.

The Company is subject to a concentration risk related to the investors in its funds. As of September 30, 2012, no individual investor accounted for more than 10% of the total committed capital to Apollo s active funds.

Risks are analyzed across funds from the bottom up and from the top down with a particular focus on asymmetric risk. We gather and analyze data, monitor investments and markets in detail, and constantly strive to better quantify, qualify and circumscribe relevant risks.

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Each segment runs its own investment and risk management process subject to our overall risk tolerance and philosophy:

- The investment process of our private equity funds involves a detailed analysis of potential acquisitions, and investment management teams assigned to monitor the strategic development, financing and capital deployment decisions of each portfolio investment.

- Our credit funds continuously monitor a variety of markets for attractive trading opportunities, applying a number of traditional and customized risk management metrics to analyze risk related to specific assets or portfolios, as well as, fund-wide risks.

Impact on Management Fees Our management fees are based on one of the following:

- capital commitments to an Apollo fund;

- capital invested in an Apollo fund;

- the gross, net or adjusted asset value of an Apollo fund, as defined; or

- as otherwise defined in the respective agreements.

Management fees could be impacted by changes in market risk factors and management could consider an investment permanently impaired as a result of (i) such market risk factors cause changes in invested capital or in market values to below cost, in the case of our private equity funds and certain credit funds, or (ii) such market risk factors causing changes in gross or net asset value, for the credit funds. The proportion of our management fees that are based on NAV is dependent on the number and types of our funds in existence and the current stage of each fund s life cycle.

Impact on Advisory and Transaction Fees We earn transaction fees relating to the negotiation of private equity, credit and real estate transactions and may obtain reimbursement for certain out-of-pocket expenses incurred. Subsequently, on a quarterly or annual basis, ongoing advisory fees, and additional transaction fees in connection with additional purchases or follow-on transactions, may be earned. Management Fee Offsets and any broken deal costs are reflected as a reduction to advisory and transaction fees from affiliates. Advisory and transaction fees will be impacted by changes in market risk factors to the extent that they limit our opportunities to engage in private equity, credit and real estate transactions or impair our ability to consummate such transactions. The impact of changes in market risk factors on advisory and transaction fees is not readily predicted or estimated.

Impact on Carried Interest Income We earn carried interest income from our funds as a result of such funds achieving specified performance criteria. Our carried interest income will be impacted by changes in market risk factors. However, several major factors will influence the degree of impact:

- the performance criteria for each individual fund in relation to how that fund s results of operations are impacted by changes in market risk factors;

- whether such performance criteria are annual or over the life of the fund;

to the extent applicable, the previous performance of each fund in relation to its performance criteria; and

whether carried interest income attributable to each fund is subject to contingent repayment.

As a result, the impact of changes in market risk factors on carried interest income will vary widely from fund to fund. The impact is heavily dependent on the prior and future performance of each fund, and therefore is not readily predicted or estimated.

Market Risk We are directly and indirectly affected by changes in market conditions. Market risk generally represents the risk that values of assets and liabilities or revenues and expenses will be

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adversely affected by changes in market conditions. Market risk is inherent in each of our investments and activities, including equity investments, loans, short-term borrowings, long-term debt, hedging instruments, credit default swaps, and derivatives. Just a few of the market conditions that may shift from time to time, thereby exposing us to market risk, include fluctuations in interest and currency exchange rates, equity prices, changes in the implied volatility of interest rates and price deterioration. For example, subsequent to the second quarter of 2007, debt capital markets around the world began to experience significant dislocation, severely limiting the availability of new credit to facilitate new traditional buyouts, and the markets remain volatile. Volatility in debt and equity markets can impact our pace of capital deployment, the timing of receipt of transaction fee revenues, and the timing of realizations. These market conditions could have an impact on the value of investments and our rates of return. Accordingly, depending on the instruments or activities impacted, market risks can have wide ranging, complex adverse affects on our results from operations and our overall financial condition. We monitor our market risk using certain strategies and methodologies which management evaluates periodically for appropriateness. We intend to continue to monitor this risk going forward and continue to monitor our exposure to all market factors.

Interest Rate Risk Interest rate risk represents exposure we have to instruments whose values vary with the change in interest rates. These instruments include, but are not limited to, loans, borrowings and derivative instruments. We may seek to mitigate risks associated with the exposures by taking offsetting positions in derivative contracts. Hedging instruments allow us to seek to mitigate risks by reducing the effect of movements in the level of interest rates, changes in the shape of the yield curve, as well as, changes in interest rate volatility. Hedging instruments used to mitigate these risks may include related derivatives such as options, futures and swaps.

Credit Risk Certain of our funds are subject to certain inherent risks through their investments.

Certain of our entities invest substantially all of their excess cash in open-end money market funds and money market demand accounts, which are included in cash and cash equivalents. The money market funds invest primarily in government securities and other short-term, highly liquid instruments with a low risk of loss. We continually monitor the funds performance in order to manage any risk associated with these investments.

Certain of our entities hold derivative instruments that contain an element of risk in the event that the counterparties may be unable to meet the terms of such agreements. We seek to minimize our risk exposure by limiting the counterparties with which we enter into contracts to banks and investment banks who meet established credit and capital guidelines. We do not expect any counterparty to default on its obligations and therefore do not expect to incur any loss due to counterparty default.

Foreign Exchange Risk Foreign exchange risk represents exposures we have to changes in the values of current holdings and future cash flows denominated in other currencies and investments in non-U.S. companies. The types of investments exposed to this risk include investments in foreign subsidiaries, foreign currency-denominated loans, foreign currency-denominated transactions, and various foreign exchange derivative instruments whose values fluctuate with changes in currency exchange rates or foreign interest rates. Instruments used to mitigate this risk are foreign exchange options, currency swaps, futures and forwards. These instruments may be used to help insulate us against losses that may arise due to volatile movements in foreign exchange rates and/or interest rates.

Non-U.S. Operations We conduct business throughout the world and are continuing to expand into foreign markets. We currently have offices outside the U.S. in London, Frankfurt, Luxembourg, Mumbai, Hong Kong and Singapore, and have been strategically growing our international presence. Our investments and revenues are primarily derived from our U.S. operations. With respect to our non-U.S. operations, we are subject to risk of loss from currency fluctuations, social instability, changes in governmental policies or policies of central banks, expropriation, nationalization, unfavorable political and diplomatic developments and changes in legislation relating to non-U.S. ownership. We also invest in the securities of corporations which are located in non-U.S. jurisdictions. As we continue to expand globally, we will continue to focus on monitoring and managing these risk factors as they relate to specific non-U.S. investments.

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ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures , as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective at the reasonable assurance level to accomplish their objectives of ensuring that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

No changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Securities Exchange Act) occurred during our most recent quarter, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On July 16, 2008, Apollo was joined as a defendant in a pre-existing purported class action pending in Massachusetts federal court against, among other defendants, numerous private equity firms. The suit alleges that beginning in mid-2003, Apollo and the other private equity firm defendants violated the U.S. antitrust laws by forming bidding clubs or consortia that, among other things, rigged the bidding for control of various public corporations, restricted the supply of private equity financing, fixed the prices for target companies at artificially low levels, and allocated amongst themselves an alleged market for private equity services in leveraged buyouts. The suit seeks class action certification, declaratory and injunctive relief, unspecified damages, and attorneys fees. On August 27, 2008, Apollo and its co-defendants moved to dismiss plaintiffs complaint and on November 20, 2008, the Court granted the Company s motion. The Court also dismissed two other defendants, Permira and Merrill Lynch. On September 17, 2010, the plaintiffs filed a motion to amend the complaint by adding an additional eight transactions and adding Apollo as a defendant. On October 6, 2010, the Court granted plaintiffs motion to file that amended complaint. Plaintiffs fourth amended complaint, filed on October 7, 2010, adds Apollo as a defendant. Apollo joined in the other defendants October 21, 2010 motion to dismiss the third claim for relief and all claims by the PanAmSat Damages Sub-class in the Fourth Amended Complaint, which motion was granted on January 13, 2011. On November 4, 2010, Apollo moved to dismiss, arguing that the claims against Apollo are time-barred and that the allegations against Apollo are insufficient to state an antitrust conspiracy claim. On February 17, 2011, the Court denied Apollo s motion to dismiss, ruling that Apollo should raise the statute of limitations issues on summary judgment after discovery is completed. Apollo filed its answer to the Fourth Amended Complaint on March 21, 2011. On July 11, 2011, the plaintiffs filed a motion for leave to file a Fifth Amended Complaint that adds ten additional transactions and expands the scope of the class seeking relief. On September 7, 2011, the Court denied the motion for leave to amend without prejudice and gave plaintiffs permission to take limited discovery on the ten additional transactions. On June 14, 2012, the plaintiffs filed a Fifth Amended Complaint. The defendants filed a motion to dismiss the Fifth Amended Complaint in part, and that motion was granted in part and denied in part. On July 21, 2012, all defendants filed motions for summary judgment, and those motions remain pending. By order on November 6, 2012, the Court set oral argument on the summary judgment motions for December 18 and 19, 2012. On August 13, 2012, the New York Times moved to intervene and unseal the Fifth Amended Complaint and associated exhibits, which were not available to the public at the time. The defendants filed an opposition to this motion on August 27, 2012, and also filed a redacted version of the Fifth Amended Complaint on September 10, 2012. On September 14, 2012, the Court issued an order requiring the defendants to file a version of the complaint containing narrowly tailored redactions limited to information that could cause specific and severe harm if released. The Court also rejected the New York Times request to unseal exhibits associated with the Fifth Amended Complaint. The defendants filed under seal another version of the Fifth Amended Complaint on October 5, 2012, this time containing only four redactions. The Court accepted this version of the complaint, which was publicly filed on the docket on October 10, 2012. Apollo does not believe that a loss from liability in this case is either probable or reasonably estimable. Apollo believes the plaintiffs claims lack factual and legal merit and intends to defend it vigorously. For these reasons, no estimate of possible loss, if any, can be made at this time.

In March 2012, plaintiffs filed two putative class actions, captioned Kelm v. Chase Bank (No. 12-cv-332) and Miller v. 1-800-Flowers.com, Inc. (No. 12-cv-396), in the District of Connecticut on behalf of a class of consumers alleging online fraud. The defendants included, among others, Trilegiant Corporation, Inc. (Trilegiant), its parent company, Affinion Group, LLC (Affinion), and Apollo, which is affiliated with funds that are the beneficial owners of 69% of Affinion s common stock. In both cases, plaintiffs allege that Trilegiant, aided by its business partners, who include e-merchants and credit card companies, developed a set of business practices intended to create consumer confusion and ultimately defraud consumers into unknowingly paying fees to clubs for unwanted services. Plaintiffs allege that Apollo is a proper defendant because of its indirect stock ownership and ability to appoint the majority of Affinion s board. The complaints assert claims under the Racketeer Influenced Corrupt Organizations Act; the Electronic Communications Privacy Act; the Connecticut Unfair Trade Practices Act; and the California Business and Professional Code, and seek, among other things, restitution or disgorgement, injunctive relief, compensatory, treble and punitive damages, and attorneys fees. The allegations in Kelm and Miller are substantially similar to those in Schnabel v. Trilegiant Corp. (No. 3:10-cv-957), a putative class action filed in the District of Connecticut in 2010 that names only Trilegiant and Affinion as defendants. The

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Court has consolidated the Kelm, Miller, and Schnabel cases and ordered that they proceed on the same schedule. On June 18, 2012, the Court appointed lead plaintiffs counsel and on September 7, 2012, Plaintiffs filed their consolidated amended complaint, which alleges the same causes of action against Apollo as did the complaints in the Kelm and Miller cases. Defendants deadline to respond to the consolidated amended complaint is December 7, 2012. Apollo believes that plaintiffs claims against it are without merit. For this reason, and because the claims against Apollo are in their early stages, no reasonable estimate of possible loss, if any, can be made at this time.

On July 9, 2012, Apollo was served with a subpoena by the New York Attorney General s Office regarding Apollo s fee waiver program. The subpoena is part of what we understand to be an industry-wide investigation by the New York Attorney General into the tax implications of the fee waiver program implemented by numerous private equity and hedge funds. Under the fee waiver program, individual fund managers for Apollo-managed funds may elect to prospectively waive their management fees. Program participants receive an interest in the future profits, if any, earned on the invested amounts that represent waived fees. They receive such profits from time to time in the ordinary course when distributions are made generally, as provided for in the applicable fund governing documents and waiver agreements. Four Apollo funds have implemented the program. Apollo believes its fee waiver program complies with all applicable laws, and is cooperating with the investigation.

Various state attorneys general and federal and state agencies have initiated industry-wide investigations into the use of placement agents in connection with the solicitation of investments, particularly with respect to investments by public pension funds. Certain affiliates of Apollo have received subpoenas and other requests for information from various government regulatory agencies and investors in Apollo s funds, seeking information regarding the use of placement agents. CalPERS, one of our Strategic Investors, announced on October 14, 2009, that it had initiated a special review of placement agents and related issues. The Report of the CalPERS Special Review was issued on March 14, 2011. That report does not allege any wrongdoing on the part of Apollo or its affiliates. Apollo is continuing to cooperate with all such investigations and other reviews. In addition, on May 6, 2010, the California Attorney General filed a civil complaint against Alfred Villalobos and his company, Arvco Capital Research, LLC (Arvco) (a placement agent that Apollo has used) and Federico Buenrostro Jr., the former CEO of CalPERS, alleging conduct in violation of certain California laws in connection with CalPERS s purchase of securities in various funds managed by Apollo and another asset manager. Apollo is not a party to the civil lawsuit and the lawsuit does not allege any misconduct on the part of Apollo. Likewise, on April 23, 2012, the United States Securities and Exchange Commission filed a lawsuit alleging securities fraud on the part of Arvco, as well as Messrs. Buenrostro and Villalobos, in connection with their activities concerning certain CalPERS investments in funds managed by Apollo. This lawsuit also does not allege wrongdoing on the part of Apollo, and in fact alleges that Apollo was defrauded by Arvco, Villalobos, and Buenrostro. Apollo believes that it has handled its use of placement agents in an appropriate manner. Finally, on December 29, 2011, the United States Bankruptcy Court for the District of Nevada approved an application made by Mr. Villalobos, Arvco and related entities (the Arvco Debtors) in their consolidated bankruptcy proceedings to hire special litigation counsel to pursue certain claims on behalf of the bankruptcy estates of the Arvco Debtors, including potential claims against Apollo (a) for fees that Apollo purportedly owes the Arvco Debtors for placement agent services, and (b) for indemnification of legal fees and expenses arising out of the Arvco Debtors defense of the California Attorney General action described above. To date, no such claims have been brought. Apollo denies the merit of any such claims and will vigorously contest them, if they are brought.

Although the ultimate outcome of these matters cannot be ascertained at this time, we are of the opinion, after consultation with counsel, that the resolution of any such matters to which we are a party at this time will not have a material effect on our financial statements. Legal actions material to us could, however, arise in the future.

ITEM 1A. RISK FACTORS

For a discussion of our potential risks and uncertainties, see the information under the heading Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC on March 9, 2012, which is accessible on the Securities and Exchange Commission s website at www.sec.gov. There have been no material changes to the risk factors for the nine months ended September 30, 2012.

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The risks described in our Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

On October 9, 2012 and November 12, 2012 we issued 150,000 and 25,103 Class A shares, net of taxes, to Apollo Management Holdings, L.P., respectively, for an aggregate purchase price of $2,202,000 and $360,479, respectively. The issuances were exempt from registration under the Securities Act in accordance with Section 4(2) and Rule 506 thereof, as transactions by the issuer not involving a public offering. We determined that the purchaser of Class A shares in the transactions, Apollo Management Holdings, L.P., was an accredited investor.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
3.1	Certificate of Formation of Apollo Global Management, LLC (incorporated by reference to Exhibit 3.1 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
3.2	Amended and Restated Limited Liability Company Agreement of Apollo Global Management, LLC (incorporated by reference to Exhibit 3.2 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
4.1	Specimen Certificate evidencing the Registrant s Class A shares (incorporated by reference to Exhibit 4.1 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.1	Amended and Restated Limited Liability Company Operating Agreement of AGM Management, LLC dated as of July 10, 2007 (incorporated by reference to Exhibit 10.1 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.2	Third Amended and Restated Limited Partnership Agreement of Apollo Principal Holdings I, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.2 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.3	Third Amended and Restated Limited Partnership Agreement of Apollo Principal Holdings II, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.3 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.4	Third Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings III, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.4 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.5	Third Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings IV, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.5 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.6	Registration Rights Agreement, dated as of August 8, 2007, by and among Apollo Global Management, LLC, Goldman Sachs & Co., J.P. Morgan Securities Inc. and Credit Suisse Securities (USA) LLC (incorporated by reference to Exhibit 10.6 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.7	Investor Rights Agreement, dated as of August 8, 2007, by and among Apollo Global Management, LLC, AGM Management, LLC and Credit Suisse Securities (USA) LLC (incorporated by reference to Exhibit 10.7 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.8	Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.8 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.9	Agreement Among Principals, dated as of July 13, 2007, by and among Leon D. Black, Marc J. Rowan, Joshua J. Harris, Black Family Partners, L.P., MJR Foundation LLC, AP Professional Holdings, L.P. and BRH Holdings, L.P. (incorporated by reference to Exhibit 10.9 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.10	Shareholders Agreement, dated as of July 13, 2007, by and among Apollo Global Management, LLC, AP Professional Holdings, L.P., BRH Holdings, L.P., Black Family Partners, L.P., MJR Foundation LLC, Leon D. Black, Marc J. Rowan and Joshua J. Harris (incorporated by reference to Exhibit 10.10 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.11	Exchange Agreement, dated as of July 13, 2007, by and among Apollo Global Management, LLC, Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings III, L.P., Apollo Principal Holdings IV, L.P., Apollo Management Holdings, L.P. and the Apollo Principal Holders (as defined therein), from time to time party thereto (incorporated by reference to Exhibit 10.11 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.12	Tax Receivable Agreement, dated as of July 13, 2007, by and among APO Corp., Apollo Principal

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Exhibit Number	Exhibit Description
	Holdings II, L.P., Apollo Principal Holdings IV, L.P., Apollo Management Holdings, L.P. and each Holder defined therein (incorporated by reference to Exhibit 10.12 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.13	Credit Agreement dated as of April 20, 2007 among Apollo Management Holdings, L.P., as borrower, 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. and AAA Holdings, L.P., as guarantors, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.13 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.14	Employment Agreement with Barry Giarraputo (incorporated by reference to Exhibit 10.17 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.15	Employment Agreement with Henry Silverman (incorporated by reference to Exhibit 10.19 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.16	Second Amended and Restated Limited Partnership Agreement of Apollo Principal Holdings V, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.20 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.17	Second Amended and Restated Limited Partnership Agreement of Apollo Principal Holdings VI, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.21 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.18	Second Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings VII, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.22 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.19	Second Amended and Restated Limited Partnership Agreement of Apollo Principal Holdings VIII, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.23 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.20	Second Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings IX, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.24 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.21	Third Amended and Restated Limited Partnership Agreement of Apollo Management Holdings, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.25 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.22	Settlement Agreement, dated December 14, 2008, by and among Huntsman Corporation, Jon M. Huntsman, Peter R. Huntsman, Hexion Specialty Chemicals, Inc., Hexion LLC, Nimbus Merger Sub, Inc., Craig O. Morrison, Leon Black, Joshua J. Harris and Apollo Global Management, LLC and certain of its affiliates (incorporated by reference to Exhibit 10.26 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.23	First Amendment and Joinder, dated as of August 18, 2009, to the Shareholders Agreement, dated as of July 13, 2007, by and among Apollo Global Management, LLC, AP Professional Holdings, L.P., BRH Holdings, L.P., Black Family Partners, L.P., MJR Foundation LLC, Leon D. Black, Marc J. Rowan and Joshua J. Harris (incorporated by reference to Exhibit 10.27 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.24	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.28 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.25	Employment Agreement with James Zelter (incorporated by reference to Exhibit 10.29 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.26	Roll-Up Agreement with James Zelter (incorporated by reference to Exhibit 10.30 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.27	Form of Restricted Share Unit Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (for Plan Grants) (incorporated by reference to Exhibit 10.31 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).

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Exhibit Number	Exhibit Description
10.28	Form of Restricted Share Unit Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (for Bonus Grants) (incorporated by reference to Exhibit 10.32 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.29	Form of Lock-up Agreement (incorporated by reference to Exhibit 10.33 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.30	Apollo Management Companies AAA Unit Plan (incorporated by reference to Exhibit 10.34 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.31	Employment Agreement with Marc Spilker (incorporated by reference to Exhibit 10.35 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.32	First Amendment and Joinder, dated as of April 14, 2010, to the Tax Receivable Agreement (incorporated by reference to Exhibit 10.36 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.33	Employment Agreement with Gene Donnelly (incorporated by reference to Exhibit 10.37 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.34	First Amendment, dated as of May 16, 2007, to the Credit Agreement, dated as of April 20, 2007, among Apollo Management Holdings, L.P., as borrower, the lenders party thereto from time to time, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties party thereto (incorporated by reference to Exhibit 10.38 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.35	Second Amendment, dated as of December 20, 2010, to the Credit Agreement, dated as of April 20, 2007, as amended by the First Amendment thereto dated as of May 16, 2007, among Apollo Management Holdings, L.P., as borrower, the lenders party thereto from time to time JPMorgan Chase Bank as administrative agent and the other parties party thereto (incorporated by reference to Exhibit 10.39 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.36	Non-Qualified Share Option Agreement pursuant to the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan with Marc Spilker dated December 2, 2010 (incorporated by reference to Exhibit 10.40 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.37	Non-Qualified Share Option Agreement pursuant to the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan with Henry Silverman dated January 21, 2011 (incorporated by reference to Exhibit 10.41 to the Registrant s Registration Statement on Form S-1 (File No. 333-150141)).
10.38	Form of Independent Director Engagement Letter (incorporated by reference to Exhibit 10.42 to the Registrant s Form 10-Q for the period ended March 31, 2011 (File No. 001-35107)).
10.39	Separation Agreement with Henry Silverman (incorporated by reference to Exhibit 10.43 to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 001-35107)).
10.40	Amended and Restated Employment Agreement with Joseph F. Azrack, dated June 1, 2012 (incorporated by reference to Exhibit 10.40 to the Registrant s Form 10-Q for the period ended June 30, 2012 (File No. 001-35107)).
10.41	Separation Agreement with Eugene Donnelly, dated July 2, 2012 (incorporated by reference to Exhibit 10.41 to the Registrant s Form 10-Q for the period ended June 30, 2012 (File No. 001-35107)).
10.42	Employment Agreement with Martin Kelly, dated July 2, 2012 (incorporated by reference to Exhibit 10.42 to the Registrant s Form 10-Q for the period ended June 30, 2012 (File No. 001-35107)).
10.43	Employment Agreement with Leon D. Black, dated July 19, 2012 (incorporated by reference to Exhibit 10.43 to the Registrant s Form 10-Q for the period ended June 30, 2012 (File No. 001-35107)).

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Exhibit Number	Exhibit Description
10.44	Employment Agreement with Marc. J. Rowan, dated July 19, 2012 (incorporated by reference to Exhibit 10.44 to the Registrant s Form 10-Q for the period ended June 30, 2012 (File No. 001-35107)).
10.45	Employment Agreement with Joshua J. Harris, dated July 19, 2012 (incorporated by reference to Exhibit 10.45 to the Registrant s Form 10-Q for the period ended June 30, 2012 (File No. 001-35107)).
*10.46	Amended and Restated Exempted Limited Partnership Agreement of AMH Holdings, L.P., dated October 30, 2012.
*31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).
*31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).
*32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
*32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Scheme Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.
XBRL (Extensible Business Reporting Language) information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Apollo Global Management, LLC
(Registrant)

Date: November 14, 2012

By: /s/ Martin Kelly
Name: Martin Kelly
Title: Chief Financial Officer (principal financial officer and authorized signatory)

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