Apollo Global Management LLC
Form S-1/A
August 12, 2008
Table of Contents

As filed with the Securities and Exchange Commission on August 12, 2008

Registration No. 333-150141

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 1

to

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

APOLLO GLOBAL MANAGEMENT, LLC

(Exact name of registrant as specified in its charter)

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

Apollo Global Management, LLC

9 West 57th Street, 43rd Floor

New York, New York 10019

(212) 515-3200

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

John J. Suydam, Esq.

Chief Legal and Administrative Officer

Apollo Global Management, LLC

9 West 57th Street, 43rd Floor,

New York, New York 10019

(212) 515-3200

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

Copies of Communications to:

Monica K. Thurmond, Esq.

O Melveny & Myers LLP

7 Times Square

New York, New York 10036

(212) 326-2000

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

If any securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. x

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount To Be Registered**	**Proposed Maximum Offering Price Per Share(1)**	**Proposed Maximum Aggregate Offering Price(1)**	**Amount of Registration Fee(2)**
Class A shares, representing Class A limited liability company interests	37,324,540	$14.00	$522,543,560	$20,536

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended. No exchange or over-the-counter market exists for the registrant s Class A shares, however, shares of the registrant s Class A shares issued to qualified institutional buyers in connection with its August 2007 exempt sale are traded through a private over-the-counter market for Tradable Unregistered Equity Securities, developed by Goldman, Sachs & Co., or the GSTrUE SM OTC market, under the symbol APOLLZ. The last sale of shares of the registrant s Class A shares that was effected on the GSTrUE SM OTC market, of which the registrant is aware, occurred on August 11, 2008 at a price of $14.00.

(2) $16,410 was paid in connection with the initial filing of this Registration Statement.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

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

Subject to Completion, dated August 12, 2008

PROSPECTUS

Apollo Global Management, LLC

37,324,540 Class A Shares

Representing Class A Limited Liability Company Interests

This prospectus relates solely to the resale of up to an aggregate of 37,324,540 Class A shares, representing Class A limited liability company interests of Apollo Global Management, LLC, by the selling shareholders identified in this prospectus (which term as used in this prospectus includes pledgees, donees, transferees or other successors-in-interest). The selling shareholders acquired the Class A shares in the exempt offerings, both of which closed on August 8, 2007 and which we refer to as the Offering Transactions. We are registering the offer and sale of the Class A shares to satisfy registration rights we have granted to the selling shareholders. We intend to apply to list our Class A shares on the New York Stock Exchange, or the NYSE, under the symbol . The listing is subject to approval of our application. Until our Class A shares are regularly traded on the NYSE, we expect that the selling shareholders initially will sell their shares at prices between $ and $ per share, if any shares are sold.

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

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

Investing in our Class A shares involves risks. You should read the section entitled Risk Factors beginning on page 31 for a discussion of certain risk factors that you should consider before investing in our Class A shares. These risks include:

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

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

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

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

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

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Prospectus dated , 2008.

TABLE OF CONTENTS

	Page
Valuation and Related Data	ii
Terms Used in this Prospectus	ii
Prospectus Summary	1
Apollo	1
Our Businesses	2
Private Equity	3
Capital Markets	4
Competitive Strengths	6
Growth Strategy	7
The Offering Transactions and the Strategic Investors Transaction	8
Structure and Formation of the Company	9
Deconsolidation of Apollo Funds	16
Tax Considerations	17
Distribution to Our Managing Partners Prior to the Offering Transactions	17
Distributions to Our Managing Partners and Contributing Partners Related to the Reorganization	18
The Historical Investment Performance of Our Funds	18
Recent Developments	20
Investment Risks	22
Our Corporate Information	22
The Offering	23
Summary Historical and Other Data	28
Risk Factors	31
Risks Related to Taxation	31
Risks Related to Our Organization and Structure	34
Risks Related to Our Businesses	41
Risks Related to This Offering	62
Special Note Regarding Forward-Looking Statements	65
Market and Industry Data and Forecasts	66
Our Structure	67
Reorganization	70
Strategic Investors Transaction	77
Tax Considerations	78
Offering Transactions	78
Use of Proceeds	80
Cash Dividend Policy	81
Dividend Policy for Class A Shares	81
Distributions to Our Managing Partners and Contributing Partners	83
Capitalization	84
Unaudited Condensed Consolidated Pro Forma Financial Information	85
Selected Financial Data	93
Management s Discussion and Analysis of Financial Condition and Results of Operations	95
General	95
Managing Business Performance	97

Market Considerations	99

Table of Contents

	Page
Assets Under Management	100
Our Recent Growth	102
Overview of Results of Operations	103
Investment Platform and Cost Trends	106
Results of Operations	106
Segment Analysis	118
Liquidity and Capital Resources	134
Application of Critical Accounting Policies	143
Consolidation	144
Fair Value Measurements	147
Quantitative and Qualitative Disclosures About Market Risk	149
Sensitivity	152
Recent Accounting Pronouncements	153
Off-Balance Sheet Arrangements	155
Contractual Obligations	155
Industry	157
Asset Management	157
Industry Trends	162
Business	164
Overview	164
Our Businesses	165
Private Equity	166
Capital Markets	170
Competitive Strengths	175
Growth Strategy	179
Fundraising and Investor Relations	179
Private Equity Investments	180
Investment Process	183
The Historical Investment Performance of Our Funds	184
Fees, Carried Interest, Redemption and Termination	188
General Partner and Professionals Investments and Co-Investments	194
Regulatory and Compliance Matters	194
Competition	196
Legal Proceedings	197
Properties	198
Employees	198
Management	200
Our Manager	200
Directors and Executive Officers	200
Management Approach	202
Limited Powers of Our Board of Directors	203
Committees of the Board of Directors	203
Lack of Compensation Committee Interlocks and Insider Participation	204
Executive Compensation	204
Summary Compensation Table	209
Grants of Plan-Based Awards	210
Outstanding Equity at Fiscal Year-End	211
Option Exercises and Stock Vested	211
Potential Payments upon Termination or Change in Control	212
Director Compensation	213

Table of Contents

	Page
2007 Omnibus Equity Incentive Plan	214
Apollo Management Companies AAA Unit Plan	216
Indemnification	217
Certain Relationships and Related Party Transactions	218
Agreement Among Managing Partners	218
Managing Partner Shareholders Agreement	219
Fee Waiver Program	221
Roll-Up Agreements	221
Exchange Agreement	222
Tax Receivable Agreement	222
Strategic Investors Transaction	223
Lenders Rights Agreement	224
Private Placement Shareholders Agreement	225
Our Operating Agreement and Apollo Operating Group Limited Partnership Agreements	225
Employment Agreements	225
Statement of Policy Regarding Transactions with Related Persons	226
Principal Shareholders	227
Selling Shareholders	229
Conflicts of Interest and Fiduciary Responsibilities	230
Conflicts of Interest	230
Fiduciary Duties	233
Description of Indebtedness	236
AMH Credit Facility	236
AAA Holdings Credit Facility	237
Description of Shares	240
Shares	240
Listing	242
Transfer Agent and Registrar	242
Operating Agreement	242
Shareholders Agreement	249
Lenders Rights Agreement	249
Shares Eligible for Future Sale	250
General	250
Registration Rights	250
Lock-Up Arrangements	250
Rule 144	251
Registration Rights	252
Material Tax Considerations	253
Material U.S. Federal Tax Considerations	253
Material Argentine Tax Considerations	266
Material Brazilian Tax Considerations	269
Material French Tax Considerations	270
Material German Tax Considerations	271
Material Hong Kong Tax Considerations	274
Material Luxembourg Tax Considerations	275
Material Mexican Tax Considerations	277
Material Singapore Tax Considerations	280
Material Spanish Tax Considerations	283

Table of Contents

	Page
Material Swiss Tax Considerations	286
Material United Kingdom Tax Considerations	288
Material Venezuelan Tax Considerations	291
Plan of Distribution	293
Legal Matters	296
Experts	296
Where You Can Find More Information	296
Index to Consolidated and Combined Financial Statements	F-1
Report of Independent Registered Public Accounting Firm	F-39
Appendix A Amended and Restated Limited Liability Company Agreement of Apollo Global Management, LLC	A-1

Table of Contents

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

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

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

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

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

Table of Contents

VALUATION AND RELATED DATA

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

TERMS USED IN THIS PROSPECTUS

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

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

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

AAOF refers to Apollo Asia Opportunity Master Fund, L.P., together with its feeder funds;

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

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

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

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

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

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

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

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

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

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

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

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

(iii) the fair value of any other assets that we manage plus unused credit facilities and/or capital commitments available for investment that are not otherwise included in clauses (i) or (ii) above.

We earn management fees from the funds that we manage pursuant to management agreements on a basis that varies from Apollo fund to Apollo fund (*e.g.,* any of net asset value, gross assets, adjusted cost of all unrealized portfolio investments, capital commitments, adjusted assets or capital contributions, each as defined in the applicable management agreement, may form the basis for a management fee calculation). Our calculation of AUM may differ from the calculations of other asset managers and, as a result, this measure may not be comparable to similar measures presented by other asset managers. Our AUM measure includes assets under management for which we charge either no or nominal fees. See Business Fees, Carried Interest, Redemption and Termination. Our definition of AUM is not based on any definition of assets under management contained in our operating agreement or in any of our Apollo fund management agreements.

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

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

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

contributing partners refers to those of our partners, collectively, who own approximately 9.1% of the Apollo Operating Group units;

EPF refers to Apollo European Principal Finance Fund, L.P., together with its feeder funds;

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

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

gross annualized return means the gross compound annual rate of return based on proceeds and estimated fair market valuations of the underlying investments at the beginning and end of the measurement period;

gross IRR of a fund represents the cumulative investment-related cash flows for all of the investors in the fund on the basis of the actual timing of investment inflows and outflows (for unrealized investment assuming disposition on March 31, 2008) 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;

Table of Contents

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

IRS refers to the Internal Revenue Service;

managing partners refers to Messrs. Leon Black, Joshua Harris and Marc Rowan, collectively;

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

net annualized return of a fund means the gross annualized return of such fund, net of management fees, incentive income and all other fund expenses (including interest incurred by the fund itself);

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, 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;

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

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

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

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

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

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

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

iv

Table of Contents

PROSPECTUS SUMMARY

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

Apollo

Founded in 1990, Apollo is a leading global alternative asset manager with a track record of successful private equity, distressed debt and mezzanine investing. At the present time, as a result of the current supply and demand imbalance in the global credit markets, we are investing primarily in senior and subordinated debt securities. We raise, invest and manage private equity and credit-oriented capital markets funds on behalf of some of the world s most prominent pension and endowment funds as well as other institutional and individual investors. As of March 31, 2008, we had Assets Under Management, or AUM, of $40.7 billion in our private equity and capital markets businesses. Our latest private equity fund, Fund VII, has raised over $14.0 billion as of the date hereof with a target of $15.0 billion, and a number of our capital markets funds are in various stages of fundraising. We have consistently produced attractive investment returns for our investors, with our private equity funds generating a 40% gross IRR and a 28% net IRR from inception through March 31, 2008.

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 more than 190 professionals as of March 31, 2008. This team possesses a broad range of transaction, financial, managerial and investment skills. We have offices in New York, London, Los Angeles, Singapore, Frankfurt and Paris. Subject to obtaining appropriate regulatory authority, we anticipate opening offices in India and Luxembourg. We operate two businesses in which we believe we are a market leader: private equity and credit-oriented capital markets. We generally operate these businesses in an integrated manner. Our investment professionals frequently collaborate and share information including market insight, management, consultant and banking contacts as well as potential investment opportunities, which contributes to our library of extensive industry knowledge and enables us to successfully invest across a company s capital structure. This platform and the depth and experience of our investment team have enabled us to deliver strong long-term investment performance across various asset classes throughout a range of economic cycles. For example, three of Apollo s most successful funds (in terms of net IRR), Funds I, II and V, were initiated during economic downturns. Funds I and II were initiated during the economic downturn of 1990 through 1993 and Fund V was initiated during the economic downturn of 2001 through late 2003.

We have experienced significant growth in our businesses through the growth of our private equity funds, globalizing our capital markets business and adding new products. We had AUM of $40.7 billion as of March 31, 2008 consisting of $30.6 billion in our private equity business and $10.1 billion in our capital markets business. Fund VII has raised over $14.0 billion as of the date hereof with a target of $15.0 billion. See Risk Factors Risks Related to Our Businesses We may not be successful in raising new private equity or capital markets funds or in raising more capital for our capital markets funds. Additionally, a number of our capital markets funds are currently in various stages of fundraising. We have grown our AUM at a 48% compound annual growth rate, or CAGR, from December 31, 2004 to March 31, 2008. We have achieved this growth by raising additional capital in our private equity and credit-oriented capital markets businesses, growing AUM through appreciation and by expanding our businesses to new strategies and geographies. We have also expanded the base of investors in our funds by accessing permanent capital through AIC, AIE I, and AAA. These distribution channels, including their current leverage, represent approximately 17% of our AUM as of March 31, 2008. In addition, we benefit from mandates with long-term capital commitments. As of March 31, 2008, approximately 82% of our AUM was in funds with a duration of ten years or more from inception.

Table of Contents

We expect our growth in AUM to continue over time as we (1) raise larger private equity funds than the funds being liquidated, (2) retain profits in certain of our capital markets funds and raise additional capital to support those vehicles and (3) launch new investment vehicles as market opportunities present themselves. See Risk Factors Risks Related to Our Businesses We may not be successful in raising new private equity or capital markets funds or in raising more capital for our capital markets funds.

Our Businesses

We manage private equity and credit-oriented capital markets investment entities. We also manage AAA, a publicly listed vehicle, which generally invests alongside our private equity funds and directly in our capital markets funds. The diagram below summarizes our Assets Under Management.[1]

(1) All data is as of March 31, 2008 unless otherwise noted. The chart does not reflect legal entities or assets managed by former affiliates.
(2) Fund VII has a fundraising target of $15.0 billion. As of the date hereof, Fund VII has raised over $14.0 billion.
(3) Two of our funds are denominated in Euros and translated into U.S. dollars at an exchange rate of 1.00 to $1.58 as of March 31, 2008.

Our revenues and other income consist principally of (i) management fees, which are based upon a percentage of the committed or invested capital (in the case of our private equity funds and certain of our capital markets funds), adjusted assets (in the case of AAA) and gross invested capital or fund net asset value (in the case of the rest of our capital markets funds), (ii) transaction and advisory fees received from private equity portfolio companies in respect of business and transaction consulting services that we provide, as well as advisory services provided to a capital markets fund, (iii) income based on the performance of our funds, which consists of allocations, distributions or fees from our private equity funds, AAA and our capital markets funds, and (iv) investment income from our investments as general partner and other direct investments primarily in the form of net gains from investment activities and dividend income. Carried interest from our private equity funds and certain of our capital markets funds entitles us to an allocation of a portion of the income and gains from that fund and is as much as 20% of the net realized income and gains that are achieved by the funds, generally subject to an annual preferred return for the limited partners of 8% with a catch-up allocation to us thereafter. The general partner of each of the funds accrues for its portion of carried interest at each balance sheet date for any changes in value of the funds underlying investments. For example, if one of our private equity funds were to exceed the preferred return threshold and generate $100 million of profits net of allocable fees and expenses from a given investment, our carried interest would entitle us to receive as much as $20 million of these net profits. Carried interest from most of our capital markets funds is as much as 20% of either the fund s income and gain or the yearly appreciation of the fund s net asset value. For such capital markets funds, we accrue carried interest on both realized and unrealized gains, subject to any applicable hurdles and high-water marks. Certain of our capital markets funds are subject to a preferred return. Our ability to generate carried interest is an important element of our business and has historically accounted for a very significant portion of our income. For the year ended December 31, 2007, management fees, transaction and advisory fees, and carried interest income represented 23.1%, 8.4% and 68.5%, respectively of our $1,078 million of pro forma revenues. Pro forma other income for the year ended December 31, 2007 was $261.7 million. See our Unaudited Condensed Consolidated Pro Forma Financial Information included elsewhere in this prospectus.

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

Private Equity

Private Equity Funds

The private equity business is the cornerstone of our investment activities, with AUM of $30.6 billion as of March 31, 2008. Our private equity business grew AUM by a 42% CAGR from December 31, 2004 through March 31, 2008. From our inception in 1990 through March 31, 2008, our private equity business invested approximately $21.7 billion of equity capital. Most recently, during the fourth quarter of 2007 and through the first quarter of 2008, our private equity funds and AAA deployed $3.6 billion of capital in debt and equity opportunities. Since inception, the returns of our private equity funds have performed in the top quartile for all U.S. buyout funds, as measured by Thomson Financial. Our private equity funds have generated a gross IRR of 40% and a net IRR of 28% from inception through March 31, 2008, as compared with a total annualized return of 8% for the S&P 500 Index over the same period. In addition, since our inception, our private equity funds have achieved a 2.4x multiple of invested capital. See The Historical Investment Performance of Our Funds for reasons why our historical private equity returns are not indicative of the future results you should expect from our current or future funds or from us. In addition to owning the companies that manage the investments of each of our private equity funds, the Apollo Operating Group also holds all of the general partner interests in the general partners of such funds.

We believe we have a demonstrated ability to quickly adapt to changing market environments and capitalize on market dislocations through our traditional and distressed investment approach. In periods of strained financial liquidity and economic recession, we have made attractive private equity investments by buying the distressed debt of quality businesses, converting that debt to equity, creating value through active management and ultimately monetizing the investment. In addition, in the current market environment, we are able to buy portfolios of performing debt from motivated sellers, such as financial institutions, at attractive rates of return.

Our two more recent funds, Fund V and Fund VI, have proven successful to date despite the difficult economic conditions within which those funds have operated. Fund V, with $3.7 billion of committed capital, started investing during the economic downturn of 2001 through late 2003. This fund has generated a gross IRR of 68% and a net IRR of 52% from its first investment in April 2001 to March 31, 2008. Fund V is in the top quartile of similar vintage funds according to Thomson Financial. See The Historical Investment Performance of Our Funds for a discussion of the reasons we do not believe our future IRRs will be similar to the IRRs for Fund V. Fund VI, together with AAA through its co-investment with Fund VI, had $11.6 billion of committed capital as of March 31, 2008 and had invested or committed to invest approximately $10.1 billion through March 31, 2008. Fund VI has generated a gross IRR of 30% and a net IRR of 21% from the first investment in July 2006 to March 31, 2008 and has already returned more than $1.2 billion to investors.

Table of Contents

The following charts summarize the breakdown of our funds private equity investments by type and industry from our inception through March 31, 2008.

Private Equity Investments by Type **Private Equity Investments by Industry**

AP Alternative Assets (AAA)

AAA issued approximately $1.9 billion of equity capital in its initial global offering in June 2006 to invest alongside our private equity funds and directly in our capital markets funds and certain other transactions that we sponsor and manage. The common units of AAA, which represent limited partner interests, are listed on Euronext Amsterdam. On June 1, 2007, AAA s investment vehicle, AAA Investments, entered into a credit agreement that provides for a $900 million revolving line of credit, thus increasing the amount of cash that AAA Investments has available for making investments and funding its liquidity and working capital needs. AAA may incur additional indebtedness from time to time. AAA is an important component of our business strategy, as it has allowed us to quickly target attractive investment opportunities by capitalizing new investment vehicles formed by Apollo in advance of a lengthy third party fundraising process. In particular, we have used AAA capital to seed one of our mezzanine funds and three of our global distressed and hedge funds. AAA Investments current portfolio also includes private equity co-investments in Fund VI and Fund VII portfolio companies and temporary cash investments. AAA may also invest in additional capital markets funds, private equity funds and opportunistic investments identified by Apollo Alternative Assets, L.P., the investment manager of AAA. As of March 31, 2008, AAA Investments had utilized approximately $385 million of its line of credit for certain investments.

Capital Markets

Our credit-oriented capital markets operations commenced in 1990 with the management of a $3.5 billion high-yield bond and leveraged loan portfolio. The business was spun off in the late 1990s and re-established in 2003 to complement our private equity business.

As of March 31, 2008, we managed nine capital markets funds that utilize the same disciplined, value-oriented investment philosophy that we employ with respect to private equity. These vehicles include mezzanine funds, distressed and hedge funds, and senior credit opportunity funds. Our capital markets business had AUM of $10.1 billion as of March 31, 2008 and grew its AUM by a 78% CAGR from December 31, 2004 through March 31, 2008. Additionally, a number of our capital markets funds are currently in various stages of fundraising. We expect our existing funds to be regularly fundraising, as we continue to add new products, geographies and strategies.

Mezzanine Funds

As of March 31, 2008, we managed two mezzanine funds: AIC, which is a publicly traded, closed-end investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended, or the Investment Company Act, and AIE I, which is an unregistered

Table of Contents

private closed-end investment fund formed in July 2006 that utilizes a similar strategy to AIC but with a focus on Europe. The investment objective of our mezzanine funds is to generate both capital appreciation and current income through mezzanine, debt and equity investments while adhering to Apollo s industry-specialized, value-oriented investment strategy.

Global Distressed and Hedge Funds

We currently manage five distressed and hedge funds that primarily invest in North America, Europe and Asia.

SVF and VIF (the Value Funds), as well as SOMA, utilize similar investment strategies, seeking to identify and capitalize on absolute-value driven investment opportunities by investing primarily in the securities of leveraged companies through special situations, distressed investments and privately negotiated investments.

We have been expanding our international presence and have launched new initiatives to capitalize on capital markets oriented investment opportunities in Europe and Asia. We manage AAOF, an investment vehicle that seeks to generate attractive risk-adjusted returns throughout economic cycles by capitalizing on investment opportunities in the Asian markets, excluding Japan, and targeting event-driven volatility across capital structures, as well as opportunities to develop proprietary platforms. We also manage EPF, which was launched in May 2007 and invests primarily in non-performing loans, or NPLs, in Europe. Our global distressed and hedge funds utilize similar value-oriented investment philosophies as our private equity business and are focused on capitalizing on our substantial industry knowledge and network of industry relationships. We currently expect our global distressed and hedge fund activities will increase in scale and scope as we continue our global expansion.

Senior Credit Opportunity Funds

We established two new senior credit opportunity funds, Artus and ACLF, in late 2007 in order to take advantage of the supply-demand imbalances in the leveraged finance market. We were able to establish these funds with some of our largest and most loyal investors in a rapid fashion to capitalize on the time sensitive nature of the dislocation in the capital markets which began in July 2007. In November 2007, Artus purchased certain of the notes issued by a collateralized loan obligation, or the CLO. The notes issued by the CLO are secured by a diversified pool of approximately $1.0 billion in aggregate principal amount of United States dollar denominated commercial loans and cash as of March 31, 2008. ACLF invests principally in newly issued senior secured bank debt in the U.S. and Europe in order to take advantage of a major component of the financial market dislocation.

Table of Contents

Competitive Strengths

Over our 18-year history, we have grown to be one of the largest alternative asset managers in the world. We attribute our success, and our confidence in our future plans, to the following competitive strengths.

Our Investment Track Record. Our cornerstone private equity funds have generated a 40% gross IRR and a 28% net IRR from inception through March 31, 2008. Our track record of generating attractive risk-adjusted returns is a key differentiating factor for our fund investors and, we believe, will allow us to continue to expand our AUM and capitalize new investment vehicles. See The Historical Investment Performance of Our Funds for reasons why our historical returns are not indicative of the future results you should expect from our current or future funds or from us.

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

Our Flexible Approach to Investing Across Market Cycles. We have consistently invested capital and grown AUM throughout economic cycles by focusing on opportunities that we believe are often overlooked by other investors. Our expertise in capital markets, focus on core industry sectors and investment experience allow us to respond quickly to changing environments. In our private equity business, we have had success investing in buyouts during both expansionary and recessionary economic periods. During the recovery and expansionary periods of 1994 through 2000 and late 2003 through the first half of 2007, we invested or committed to invest approximately $13.2 billion primarily in traditional and corporate partner buyouts. In the recessionary periods of 1990 through 1993, 2001 through late 2003 and the slowdown period of the third quarter of 2007 through the second quarter of 2008, we invested approximately $12.4 billion, the majority of which was in distressed buyouts and debt investments when the debt securities of quality companies traded at deep discounts. Since September 30, 2007 through June 30, 2008, the Apollo funds have invested in $15.2 billion of debt securities representing a face value of $20.0 billion, to take advantage of these strategies. Of the amount invested, $7.9 billion of equity was contributed by various private equity and capital markets funds managed by Apollo.

Our Deep Industry Expertise and Focus on Complex Transactions. We have substantial expertise in eight core industry sectors and have invested in over 150 companies since inception. Our core industry sectors are chemicals; consumer and retail; distribution and transportation; financial and business services; manufacturing and industrial; media, cable and leisure; packaging and materials; and satellite and wireless. We believe that situational and structural complexity often hides compelling value that competitors may lack the inclination or ability to uncover, and that our industry expertise and comfort with complexity help drive our performance.

Our Investment Edge Creates Proprietary Investment Opportunities. We seek to create an investment edge, which allows us to consistently deploy capital up and down the balance sheet of franchise businesses, make investments at attractive valuations and maximize returns. We believe our industry expertise allows us to create strategic platforms and approach new investments as a strategic buyer with synergies, cross-selling opportunities and economies of scale advantages over other purely financial sponsors. Since our inception, we believe over 75% of our private equity buyouts have been proprietary in nature, and we have been the sole financial sponsor in 15 of our last 16 private equity portfolio company transactions. We believe these competitive advantages often result in our buyouts being effected at a lower multiple of adjusted earnings before interest, taxes, depreciation and amortization, or adjusted EBITDA, than many of our peers.

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

The Continuity of Our Strong Management Team and Reputation. Our managing partners actively participate in the oversight of the investment activities of our funds, have worked together for more than 20 years and lead a team of more than 190 professionals who possess a broad range of transaction, financial, managerial and investment skills. We have developed a strong reputation in the market as an investor and partner who can make significant contributions to a business or investing decision, and we believe the longevity of our management team is a key competitive advantage.

Alignment of Interests with Investors in Our Funds. Fundamental to our business model is the alignment of interests of our professionals with those of the investors in our funds. From our inception through March 31, 2008, our professionals have committed or invested an estimated $1.0 billion of their own capital to our funds (including Fund VII). In addition, our practice is to allocate a portion of the management fees and incentive income payable by our funds to our professionals, which serves to incentivize those employees to generate superior investment returns. We believe that this alignment of interests with our fund investors helps us to raise new funds and execute our growth strategy.

Long-Term Capital Base. A significant portion of our $40.7 billion of AUM as of March 31, 2008 was long-term in nature. Our permanent capital vehicles, AIC, AIE I and AAA, including their current leverage, represented approximately 17% of our AUM. As of March 31, 2008, approximately 82% of our AUM was in funds with a duration of ten years or more from inception. Our long-lived capital base allows us to invest assets with a long-term focus that we believe drives attractive returns. These permanent capital vehicles are able to grow organically through the continuous investment and reinvestment of capital, which we believe provides us with stability and with a valuable potential source of long-term income.

Growth Strategy

Our growth and investment returns have been supported by an institutionalized and strategic organizational structure designed to promote teamwork, industry specialization, permanence of capital, compliance and regulatory excellence and internal systems and processes. Our ability to grow our revenues depends on our performance and on our ability to attract new capital and fund investors, which we have done successfully over the last 18 years.

The following are key elements of our growth strategy:

- continuing to achieve superior returns in our funds;
- continuing our commitment to our fund investors;
- raising additional investment capital for our current businesses;
- expanding into new investment strategies, markets and businesses; and
- taking advantage of the benefits of being a public company.

We cannot assure you that our funds will be successful in raising the capital described above or that any capital they do raise will be on terms favorable to us or consistent with terms of capital that our funds have previously raised. See Risk Factors Risks Related to Our Businesses We may not be successful in raising new private equity or capital markets funds, or in raising more capital for our funds   for a more detailed discussion of these risks.

Table of Contents

The Offering Transactions and the Strategic Investors Transaction

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

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

On July 13, 2007, we sold securities to the California Public Employees Retirement System, or CalPERS, and an affiliate of the Abu Dhabi Investment Authority, or ADIA, in return for a total investment of $1.2 billion. We refer to CalPERS and ADIA as the Strategic Investors. Upon completion of the Offering Transactions, the securities that we sold to the Strategic Investors converted into non-voting Class A shares. We refer to the foregoing issuance of securities, our use of proceeds from that sale and the conversion of such securities into non-voting Class A shares as the Strategic Investors Transaction. Pursuant to a lenders rights agreement we have entered into with the Strategic Investors, the Strategic Investors have agreed not to sell any of their Class A shares for a period of two years after the date on which the shelf registration statement of which this prospectus forms a part became effective, or the shelf effectiveness date, subject to limited exceptions. Thereafter, the amount of Class A shares they may sell is subject to a limit that increases with each year. See Certain Relationships and Related Party Transactions Lenders Rights Agreement Transfer Restrictions. The Strategic Investors are two of the largest alternative asset investors in the world and have been significant investors with us in multiple funds covering a variety of strategies. In total, from our inception through the date hereof, the Strategic Investors have invested or committed to invest approximately $6.4 billion of capital in us and our funds. The Strategic Investors are significant supporters of our integrated platform, with one or both having invested in multiple private equity and capital markets funds. With substantial combined assets, we believe the Strategic Investors will be an important source of future growth in the AUM in our existing and future funds for many years, as well as in new products and geographic expansions. Although they have no obligation to invest further in our funds, in connection with our sale of securities to the Strategic Investors, we granted to each of them the option, exercisable until July 13, 2010, to invest or commit to invest up to 10% of the aggregate dollar amount invested or committed by investors in the initial closing of any privately placed fund that we offer to third party investors, subject to limited exceptions.

Table of Contents

Structure and Formation of the Company

Apollo Global Management, LLC is a holding company whose primary assets are 100% of the general partner interests in each limited partnership included in the Apollo Operating Group, which is described below under Holding Company Structure, and 28.9% of the limited partner interests of the Apollo Operating Group entities, in each case held through intermediate holding companies. The remaining 71.1% limited partner interests of the Apollo Operating Group entities are owned directly by Holdings, an entity 100% owned, directly or indirectly, by our managing partners and contributing partners, and represent its economic interest in the Apollo Operating Group. With limited exceptions, the Apollo Operating Group owns each of the operating entities included in our historical consolidated and combined financial statements as described below under Our Assets.

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

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

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

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

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

Table of Contents

The diagram below depicts our current organizational structure.

(1) Investors in the Rule 144A Offering hold 30.7% of the Class A shares, the CS Investor holds 7.7% of the Class A shares, and the Strategic Investors hold 61.6% of the Class A shares. The Class A shares held by investors in the Rule 144A Offering represent 10.8% of the total voting power of our shares entitled to vote and 8.8% of the economic interests in the Apollo Operating Group. Class A shares held by the CS Investor represent 2.7% of the total voting power of our shares entitled to vote and 2.2% of the economic interests in the Apollo Operating Group. Class A shares held by the Strategic Investors do not have voting rights and represent 17.8% of the economic

interests in the Apollo Operating Group. Such Class A shares will become entitled to vote upon transfers by a Strategic Investor in accordance with the agreements entered into in connection with the Strategic Investors Transaction.

(2) Our managing partners own BRH, which in turn holds our only outstanding Class B share. The Class B share initially represents 86.5% of the total voting power of our shares entitled to vote but no economic interest in Apollo Global Management, LLC. Our managing partners economic interests are instead represented by their indirect ownership, through Holdings, of 71.1% of the limited partnership interests in the Apollo Operating Group.

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

(4) Represents 71.1% of the limited partner interests in each Apollo Operating Group entity. The Apollo Operating Group units held by Holdings are exchangeable for Class A shares, as described below under Equity Interests Retained by Our Managing Partners and Contributing Partners. Our managing partners, through their interests in BRH and Holdings, own 62.0% of the Apollo Operating Group units. Our contributing partners, through their ownership interests in Holdings, own 9.1% of the Apollo Operating Group units.

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

(6) Represents 28.9% of the limited partnership 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.

(7) Apollo Principal Holdings I, L.P. holds 100% of the non-economic general partner interests in the domestic general partners set forth below its name in the chart above. It also holds between 50% and 100% (depending on the particular fund investment) of all limited partner interests in the domestic general partners set forth below its name. The remaining limited partner interests in these domestic general partners are held by certain of our current and former professionals. Apollo Principal Holdings I, L.P. also holds 100% of the limited partner interests in Apollo Co-Investors VII (D), L.P. The general partner interest in Apollo Co-Investors VII (D), L.P. is held by Apollo Co-Investors Manager, LLC, which is solely owned by one of our managing partners. Apollo Principal Holdings I, L.P. is the sole owner of Apollo COF Investor, LLC.

(8) Apollo Principal Holdings III, L.P. holds 100% of the non-economic general partner interests in the foreign general partners set forth below its name in the chart above. It also holds between 54% and 66% (depending on the particular fund investment) of all limited partner interests in the foreign general partners set forth below its name. The remaining limited partner interests in these foreign general partners are held by certain of our current and former professionals. Apollo Principal Holdings III, L.P. also holds 100% of the limited partner interests in the foreign private equity co-invest vehicle set forth below its name in the chart above. The general partner interest in the foreign private equity co-invest vehicle is held by Apollo Co-Investors Manager, LLC, which is solely owned by one of our managing partners.

(9) Apollo Principal Holdings II, L.P. holds 100% of the non-economic general partner interests in the domestic general partners set forth below its name in the chart above. Apollo Principal Holdings II, L.P. also holds between 81% and 95% (depending on the particular fund investment) of all limited partner interests in the domestic general partners set forth below its name, except for A/A Capital Management, LLC. The remaining limited partner interests in these domestic general partners are held by certain of our current and former professionals. Apollo Principal Holdings II, L.P. is the sole owner of A/A Capital Management, LLC and the domestic capital markets co-invest vehicles set forth below its name in the chart above.

(10) Apollo Principal Holdings IV, L.P. holds 100% of the non-economic general partner interests in the foreign general partners set forth below its name in the chart above. It also holds 95% of the limited partner interests in the foreign general partners set forth below its name. The remaining limited partner interests in the foreign general partners are held by certain of our professionals. Apollo Principal Holdings IV, L.P. also holds 100% of the limited partner interests in the foreign capital markets co-invest vehicles set forth below its name in the chart above. The general partner interest in Apollo EPF Co-Investors (B), L.P. is held by Apollo EPF Administration, Limited which is solely owned by one of our managing partners. The general partner interest in Apollo AIE II Co-Investors (B), L.P. is held by Apollo Co-Investors Manager, LLC, which is solely owned by one of our managing partners.

(11) Apollo Management Holdings, L.P. holds 100% of the management companies comprising the investment advisors of all of Apollo s funds including AIC, AIE I, and AAA; however, a portion of the management fees, incentive income and other fees payable to these investment advisors are allocated to certain of our current and former professionals, as described in more detail under Our Structure Reorganization Our Assets.

(12) Apollo Advisors IV, L.P. is the general partner of Fund IV, Apollo Advisors V, L.P. is the general partner of Fund V, Apollo Advisors VI, L.P. is the general partner of Fund VI, Apollo Advisors VII, L.P. is the general partner of Fund VII, and Apollo Credit Opportunity Advisors, LLC is the sole general partner of COF I and COF II. Certain offshore vehicles that comprise the foregoing funds also have an administrative general partner, which is an affiliate of the foregoing general partner.

(13) Apollo Advisors V (EH Cayman), L.P. is the sole general partner of Fund V s Cayman Islands alternative investment vehicle, Apollo Advisors VI (EH), L.P. is the sole general partner of Fund VI s Cayman Islands alternative investment vehicle, Apollo Advisors VII (EH), L.P. is the sole general partner of Fund VII s Cayman Islands alternative investment vehicle and AAA Associates, L.P. is the sole general partner of AAA Investments, the limited partnership through which AAA s investments are made.

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

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

Table of Contents

Holding Company Structure

Apollo Global Management, LLC, through two intermediate holding companies (APO Corp. and APO Asset Co., LLC) owns 28.9% of the economic interests of, and operates and controls all of the businesses and affairs of, the Apollo Operating Group and its subsidiaries. Holdings owns the remaining 71.1% of the economic interests in the Apollo Operating Group. Apollo Global Management, LLC consolidates the financial results of the Apollo Operating Group and its consolidated subsidiaries. Holdings ownership interest in the Apollo Operating Group is reflected as a minority interest in Apollo Global Management, LLC s consolidated financial statements.

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

Each of the Apollo Operating Group partnerships holds interests in different businesses or entities organized in different jurisdictions. Apollo Principal Holdings I, L.P. holds our domestic general partners of private equity funds and certain capital markets funds and our domestic co-invest vehicles of our private equity funds and certain of our capital markets funds; Apollo Principal Holdings II, L.P. holds our domestic general partners of capital markets funds and two capital markets domestic co-invest vehicles; Apollo Principal Holdings III, L.P. holds our foreign general partners of private equity funds, including the foreign general partner of AAA Investments, and our private equity foreign co-invest vehicle; Apollo Principal Holdings IV, L.P. holds our foreign general partners of capital markets funds and two capital markets foreign co-invest vehicles; and Apollo Management Holdings, L.P. holds the management companies for our private equity funds (including AAA) and our capital markets funds.

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

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

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

Our Manager

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

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

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

Our Assets

Prior to the Offering Transactions, our managing partners contributed to the Apollo Operating Group their interests in each of the entities included in our historical consolidated and combined financial statements, but excluding the excluded assets described under Our Structure Reorganization Excluded Assets.

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

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

our managing partners personal investments or co-investments in our funds (subject to certain limitations);

amounts owed to any managing partners pursuant to any Apollo deferral or waiver programs or carried interest earned but held in escrow;

our managing partners interests in Apollo Real Estate, Ares and the general partners of Funds I, II and III;

compensation and benefits paid or given to the managing partners consistent with the terms of their employment agreements (as described below under Management Executive Compensation Employment Non-Competition and Non-Solicitation Agreements with Managing Partners);

director options issued prior to January 1, 2007 by any of our funds portfolio companies;

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

other miscellaneous, non-core assets.

In addition, prior to the Offering Transactions, our contributing partners contributed to the Apollo Operating Group a portion of their rights to receive a portion of the management fees and incentive income that are earned from management of our funds, or points. We refer to such contributed points as partner contributed interests. In return for a contribution of points, each contributing partner received an interest in Holdings. Prior to the exchange, the points held by our managing partners and contributing partners were designated relative values based upon estimated 2007 cash flows. The partnership interests in Holdings (representing an indirect ownership interest of an equivalent number of Apollo Operating Group units) that were granted to each managing partner and contributing partner, correspond to the value of the points such partner contributed relative to each other. Each contributing partner continues to own directly those points that such contributing partner did not contribute to the Apollo Operating Group or sell to the Apollo Operating Group in connection with the Strategic Investors Transaction. Each contributing partner will remain entitled (on an individual basis and not through ownership interests in Holdings) to receive payments in respect of his partner contributed interests with respect to fiscal year 2007 based on the date his partner contributed interests were contributed or sold as described below under Distributions to Our Managing Partners and Contributing Partners Related to the Reorganization. The Strategic Investors will similarly receive a pro rata portion of our net income prior to the date of the Offering Transactions for our fiscal year 2007, calculated in the same manner as for the managing partners and contributing partners, as described in more detail under Our Structure Strategic Investors Transaction. In addition, we issued points in Fund VII, and intend to issue points in future funds, to our contributing partners and other of our professionals.

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

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

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

all incentive income earned from the date of contribution in relation to investments made by our future private equity and capital markets funds, other than the percentage we determine to allocate to our professionals, as described below; and all returns on current or future investments of our own capital in the funds we sponsor and manage.

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

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

Equity Interests Retained by Our Managing Partners and Contributing Partners

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

Our managing partners, through their interests in BRH and Holdings, own 62.0% of the Apollo Operating Group units and, through their ownership of BRH, the Class B share that we have issued to BRH. Our managing partners have entered into an agreement, which we refer to as the Agreement Among Managing Partners, providing that each managing partner s interest in the Apollo Operating Group units that he holds indirectly through his partnership interest in BRH and Holdings is subject to vesting. Each of Messrs. Harris and Rowan vests in his interest in the Apollo Operating Group units in 60 equal monthly installments, and Mr. Black vests in his interest in the Apollo Operating Group units in 72 equal monthly installments. Although the Agreement Among Managing Partners was entered into on July 13, 2007, for purposes of its vesting provisions, our managing partners are credited for their employment with us since January 1, 2007. In the event that a managing partner terminates his employment with us for any reason, he will be required to forfeit the unvested portion of his Apollo Operating Group units to the other managing partners. The number of Apollo Operating Group units that must be forfeited upon termination depends on the cause of the termination. See Certain Relationships and Related Party Transactions Agreement Among Managing Partners. However, this agreement may be amended and the terms and conditions of the agreement may be changed or modified upon the unanimous approval of the managing partners. We, our shareholders (other than the Strategic Investors, as set forth under Certain Relationships and Related Party Transactions Lenders Rights Agreement Amendments to Managing Partner Transfer Restrictions) and the Apollo Operating Group have no ability to enforce any provision of this agreement or to prevent the managing partners from amending the agreement or waiving any of its obligations.

Pursuant to a shareholders agreement that we entered into with our managing partners prior to the Offering Transactions, which we refer to as the Managing Partners Shareholders Agreement, no managing partner may

Table of Contents

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

Our contributing partners, through their interests in Holdings, own 9.1% of the Apollo Operating Group units. Pursuant to the agreements by which our contributing partners contributed their partner contributed interests to the Apollo Operating Group and received interests in Holdings, which we refer to as the Roll-Up Agreements, no contributing partner may voluntarily effect transfers of his Equity Interests for a period of two years after the shelf effectiveness date. The transfer restrictions applicable to Equity Interests held by our contributing partners are described in more detail under Certain Relationships and Related Party Transactions Roll-Up Agreements.

Subject to certain procedures and restrictions (including the vesting schedules applicable to our managing partners and any applicable transfer restrictions and lock-up agreements), upon 60 days notice prior to a designated quarterly date, each managing partner and contributing partner will have the right to cause Holdings to exchange the Apollo Operating Group units that he owns through his partnership interest in Holdings for Class A shares, to sell such Class A shares at the prevailing market price (or at a lower price that such managing partner or contributing partner is willing to accept) and to distribute the net proceeds of such sale to such managing partner or contributing partner. We have reserved for issuance 240,000,000 Class A shares, corresponding to the number of existing Apollo Operating Group units held by our managing partners and contributing partners. To effect an exchange, a managing partner or contributing partner, through Holdings, must simultaneously exchange one Apollo Operating Group unit, being an equal limited partner interest in each Apollo Operating Group entity, for each Class A share received. As a managing partner or contributing partner exchanges his Apollo Operating Group units, our interest in the Apollo Operating Group units will be correspondingly increased and the voting power of the Class B share will be correspondingly decreased. If and when any managing partner or contributing partner, through Holdings, exchanges an Apollo Operating Group unit for a Class A share of Apollo Global Management, LLC, the relative economic ownership positions of the exchanging managing partner or contributing partner and of the other equity owners of Apollo (whether held at Apollo Global Management, LLC or at the Apollo Operating Group) will not be altered.

Deconsolidation of Apollo Funds

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

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

Tax Considerations

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

Legislation was introduced in Congress in mid-2007 that would, if enacted in its present form, cause Apollo Global Management, LLC to become taxable as a corporation, and other proposed legislation could change the character of portions of our income to ordinary income, either of which would substantially reduce our net income or increase our net loss, as applicable, or cause other significant adverse tax consequences for us and/or the holders of Class A shares. See Risk Factors Risks Related to Taxation The U.S. Federal income tax law that determines the tax consequences of an investment in Class A shares is under review and is potentially subject to adverse legislative, judicial or administrative change, possibly on a retroactive basis, including possible changes that would result in the treatment of our long-term capital gains as ordinary income, that would cause us to become taxable as a corporation and/or have other adverse effects and Risk Factors Risks Related to Our Organization and Structure Members of the U.S. Congress have introduced legislation that would, if enacted, preclude us from qualifying for treatment as a partnership for U.S. Federal income tax purposes under the publicly traded partnership rules. If this or any similar legislation or regulation were to be enacted and apply to us, we would incur a substantial increase in our tax liability and it could well result in a reduction in the value of our Class A shares. See also Material Tax Considerations Material U.S. Federal Tax Considerations Administrative Matters Possible New Legislation or Administrative or Judicial Action.

Distribution to Our Managing Partners Prior to The Offering Transactions

On April 20, 2007, AMH, one of the entities in the Apollo Operating Group, entered into a credit facility, or the AMH credit facility, under which AMH borrowed a $1.0 billion variable-rate term loan. We used these borrowings to make a $986.6 million distribution to our managing partners and to pay related fees and expenses. This distribution was a distribution of prior undistributed earnings, and an advance on possible future earnings, of AMH. As a result, this distribution caused the managing partners accumulated equity basis in AMH to become negative. The AMH credit facility is guaranteed by Apollo Management, L.P.; Apollo Capital Management, L.P.; Apollo International Management, L.P.; Apollo Principal Holdings II, L.P.; Apollo Principal Holdings IV, L.P.;

Table of Contents

and AAA Holdings, L.P. and matures on April 20, 2014. It is secured by (i) a first priority lien on substantially all assets of AMH and the guarantors and (ii) a pledge of the equity interests of each of the guarantors, in each case subject to customary carveouts.

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

We intend to make 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 July 13, 2007. For this purpose, income attributable to carried interest on private equity funds related to either carry-generating transactions that closed prior to July 13, 2007 or carry-generating transactions in respect of which a definitive agreement was executed, but that did not close, prior to July 13, 2007 shall be treated as having been earned prior to that date. Undistributed earnings generated through the date of Reorganization that were payable to the managing partners and the contributing partners were approximately $193.0 million (see Capitalization Footnote (1)) and $387.0 million, and were included in our consolidated and combined statements of financial condition as of March 31, 2008 and December 31, 2007, respectively. In addition, we have also entered into a Tax Receivable Agreement with our managing partners and contributing partners which requires us to pay them 85% of any tax savings received by APO Corp. from our step-up in tax basis. In our condensed and consolidated financial statements, the item Due to Affiliates includes $520.3 million payable to our managing partners and contributing partners in connection with the Tax Receivable Agreement as of March 31, 2008 and December 31, 2007.

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

- Apollo Operating Group units having a fair value on issuance date of approximately $5.6 billion (subject to five or six year forfeiture);

- $1,224 million in cash in July 2007, excluding any potential contingent consideration;

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

- The fair value of carried interest related to the sale of portfolio companies where definitive sales contracts were executed but had not closed at July 13, 2007. We have accrued an estimated payment of approximately $193.0 million (see Capitalization Footnote (1)) and $387.0 million at March 31, 2008 and December 31, 2007, respectively.

The Historical Investment Performance of Our Funds

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

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

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

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

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

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

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

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

- our track record with respect to our capital markets funds is relatively short as compared to our private equity funds and five out of nine of our capital markets funds commenced operations in the eighteen months prior to March 31, 2008;

- 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; and

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

Finally, our private equity IRRs have historically varied greatly from fund to fund. For example, Fund IV has generated a 12% gross IRR and 10% net IRR since inception, while Fund V has generated a 68% gross IRR and 52% net IRR since inception. Accordingly, you should realize that the IRR going forward for any current or future fund may vary considerably from the historical IRR generated by any particular fund, or for our private equity funds as a whole. Future returns will also be affected by the applicable risks described elsewhere in this prospectus, including risks of the industries and businesses in which a particular fund invests. See Risk Factors Risks Related to Our Businesses The historical returns attributable to our funds should not be considered as indicative of the future results of our funds or of our future results or of any returns expected on an investment in our Class A shares.

19

Table of Contents

Recent Developments

Subsequent to March 31, 2008, Fund VII raised an additional $2.3 billion of committed capital and as of the date hereof, Fund VII has raised over $14.0 billion of committed capital and has a target of $15.0 billion. As of June 30, 2008, our AUM for our private equity segment was $31.5 billion.

Subsequent to March 31, 2008, the capital markets segment raised approximately $4.4 billion as of the date hereof, centering on EPF, AIE I, AIE II, AIC, ACLF, COF I and COF II, which brings our AUM for our capital markets segment to $13.2 billion as of June 30, 2008.

Beginning in July 2007, the financial markets encountered a series of events from the sub-prime contagion to the ensuing credit crunch. These events led to a significant dislocation in the capital markets and created a backlog in the debt pipeline. Much of the backlog is left over from debt raised for large private equity-led transactions which reached record levels in 2006 and 2007. This record backlog of supply in the debt markets has materially affected the ability and willingness of lenders to fund new large private equity-led transactions and has applied downward pressure on prices of outstanding debt. Due to the difficulties in financing transactions in this market, the volume and size of traditional private equity-led transactions has declined significantly. We are drawing on our long history of investing across market cycles and are deploying capital in the following ways:

- We are looking to acquire distressed securities in industries that we know well. Examples include investments in the transportation, media, financial services and packaging industries. We believe that we can find good companies with stressed balance sheets in this market at attractive prices.

- We are investing in debt securities of companies that are performing well, but are attractively priced due to the disruption in the debt markets. For example, we are able to buy portfolios of performing debt from motivated sellers, such as financial institutions, at attractive rates of return.

- We are taking advantage of more creative structures to use our equity to deleverage a company s balance sheet and take a controlling position.

- We are building our strategic platforms through the acquisition of synergistic add-on opportunities.

Our combination of traditional buyout investing with a distressed option has proven successful throughout economic cycles and has allowed us to achieve attractive rates of return for our funds in different economic and market environments. However, we cannot assure you that we will be successful in implementing this strategy in the current economic and market environments. See Risk Factors Risks Related to Our Businesses Difficult market conditions may adversely affect our businesses in many ways, including by reducing the value or hampering the performance of the investments made by our funds or reducing the ability of our funds to raise or deploy capital, each of which could materially reduce our revenue, net income and cash flow and adversely affect our financial prospects and condition.

In light of the current adverse conditions in the financial markets, returns for funds may be lower than they were historically and our fundraising efforts may be challenging. While these conditions last, we will continue to focus on investing in distressed debt markets and raising capital for funds focusing on distressed debt markets. In particular, we formed two new capital markets funds: COF I and COF II in April 2008. Both funds seek to capitalize on the recent dislocations in the credit market by opportunistically investing through privately negotiated transactions in a broad range of debt and debt-related securities, including bank debt, publicly traded debt securities and bridge financings, using a wide variety of investment types and transaction structures. As of the date hereof, COF I is fully funded with $1.2 billion of committed capital, including a commitment by one of our Strategic Investors of $1.0 billion. COF I began investing in April 2008. As of the date hereof, COF II has raised approximately $1.5 billion of committed capital. COF II began investing in June 2008.

In April 2008, we formed AIE II, an unregistered private closed-end investment fund that utilizes the same strategy as AIE I.

We have formed a team of investment professionals to explore opportunities in commodities and in commodity businesses. We are also in the process of forming a team of investment professionals to explore opportunities in real estate.

We intend to form a strategic partnership for sourcing and making private equity investments in Europe with Lazard Group LLC (Lazard). The strategic partnership will focus on private equity investments in companies that have a majority of their assets and employees located in Europe. Individuals from each firm will be dedicated to the effort. The team will work closely with their colleagues across Europe, leveraging our strong track record in private investment and Lazard s European presence and history of advising on merger and acquisitions transactions. Separately, Apollo and Lazard will continue to work with other financial advisory and private equity firms, respectively, in the ordinary course of business.

On April 4, 2008, we announced our first cash distribution amounting to $0.33 per Class A share, resulting from the first quarter 2008 quarterly distribution of $0.16 per Class A share plus a special distribution of $0.17 per Class A share primarily resulting from the sale by Fund V of Goodman Global, Inc., one of its portfolio companies, to affiliates of another private equity firm, in February 2008. The $111.3 million aggregate distribution was paid to the owners of the Apollo Operating Group. Of this amount, $32.2 million was received by Apollo Global Management, LLC and distributed to its Class A shareholders of record on April 18, 2008. Additionally, on July 15, 2008, we declared a cash distribution amounting to $0.23 per Class A share, resulting from our second quarter 2008 quarterly distribution of $0.16 per Class A share plus a special distribution of $0.07 per Class A share primarily resulting from realizations from (i) portfolio companies of Fund IV, Sky Terra Communications, Inc. and United Rentals, Inc., (ii) dividend income from a portfolio company of Fund VI, and (iii) interest income related to debt investments of Fund VI. This $77.6 million aggregate distribution was paid to the owners of the Apollo Operating Group. Of this amount, $22.4 million was received by Apollo Global Management, LLC and distributed on July 25, 2008, to its Class A shareholders of record on July 18, 2008.

On June 18, 2008, the company and certain of its affiliates, including Hexion Specialty Chemicals, Inc. (Hexion), a portfolio company of Funds IV and V, commenced legal action in Delaware to declare its contractual rights with respect to the Agreement and Plan of Merger (the Merger Agreement) by and among Hexion, Nimbus Merger Sub, Inc. and Huntsman Corporation (Huntsman). In this suit, Hexion alleges, among other things, that it believes that the capital structure agreed to by Huntsman and Hexion for the combined company is no longer viable because of Huntsman s increased net debt and decreased earnings. The suit alleges that while both companies individually are solvent, consummating the merger on the basis of the capital structure agreed to with Huntsman would render the combined company insolvent. The suit alleges that, in light of this conclusion, Hexion does not believe that the banks will provide the debt financing for the merger contemplated by their commitment letters. The suit also alleges that in light of the substantial deterioration in Huntsman s financial performance, the increase in its net debt and the expectation that the material downturn in Huntsman s business that has occurred will continue for a significant period of time, Huntsman has suffered a material adverse effect as defined in the Merger Agreement. The suit further seeks a declaration that the company and certain of its affiliates have no liability to Huntsman in connection with the merger.

On June 23, 2008, the company, Leon Black, Joshua Harris and certain of the company s affiliates were named as defendants in a lawsuit filed by Huntsman in Texas. Huntsman asserts certain fraud and tortious interference claims in connection with the facts surrounding the Merger Agreement and seeks, among other things, damages in excess of $3.0 billion. The company believes, after consulting with its counsel, that the Huntsman lawsuit is without merit and intends to vigorously defend itself.

Table of Contents

On July 2, 2008, Huntsman filed an answer and counterclaims in the lawsuit filed in Delaware by the company and certain of its affiliates described above, which asserts claims against the company and certain of its affiliates, including Hexion, in connection with the Merger Agreement including breach of contract, breach of the duty of good faith and fair dealing, tortious interference with contract, and defamation. The company believes, after consulting with its counsel, that the claims alleged in Huntsman s answer and counterclaims are without merit.

On July 7, 2008, the company and certain of its affiliates, including Hexion, filed an amended and supplemental complaint against Huntsman in the Delaware action. In this complaint, the company and certain of its affiliates assert the same claims as set forth in the June 18, 2008 complaint. In addition, they seek a declaration that Huntsman s extension of the termination date of the Merger Agreement to October 2, 2008 was invalid, and they assert that Huntsman breached the Merger Agreement by bringing suit in Texas.

The Delaware court has scheduled trial to begin September 8, 2008.

On July 16, 2008, the company 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 the company, the other private equity firm defendants, and other unidentified alleged co-conspirators, violated 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. The company believes that the lawsuit is without merit and intends to defend itself vigorously.

Investment Risks

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

Our Corporate Information

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

Table of Contents

The Offering

Shares Offered for Resale by the Selling Shareholders in this Offering	37,324,540 Class A shares
Shares Outstanding:	
Class A Shares	97,324,541 Class A shares
Class B Shares	1 Class B share
Shares Held by Our Managing Partners:	
Class A Shares	None
Class B Share	Our managing partners indirectly hold the single Class B share that we have issued to BRH, representing 86.5% of the total voting power of our shares entitled to vote.
Apollo Operating Group Units Held:	
By Us	97,324,541 or 28.9% of the total Apollo Operating Group units
Indirectly By Our Managing Partners and Contributing Partners	240,000,000 or 71.1% of the total Apollo Operating Group units
Voting:	
Class A Shares	One vote per share (except that Class A shares held by the Strategic Investors and their affiliates do not have any voting rights).
Class B Share	Initially, 240,000,000 votes. In the event that a managing partner or contributing partner, through Holdings, exercises his right to exchange the Apollo Operating Group units that he owns through his partnership interest in Holdings for Class A shares, the voting power of the Class B share will be proportionately reduced.
Voting Rights	Holders of our Class A shares (other than the Strategic Investors and their affiliates, who have no voting rights) and our Class B share vote together as a single class on all matters submitted to our shareholders for their vote or approval. So long as the Apollo control condition is satisfied, however, our manager manages all of our operations and activities and exercises substantial control over extraordinary matters and other structural changes. You will have only limited voting rights on matters affecting our businesses and will have no right to elect our manager, which is owned and controlled by our managing partners. Moreover, our managing partners, through their ownership of BRH, hold 86.5% of the total combined voting power of our shares entitled to vote and thus are able to

	exercise control over all matters requiring shareholder approval. See Description of Shares.
Use of Proceeds	We will not receive any proceeds from the sale of the Class A shares pursuant to this prospectus.
Cash Dividend Policy	Our intention is to distribute to our Class A shareholders on a quarterly basis substantially all of our net after-tax cash flow from operations in excess of amounts determined by our manager to be necessary or

Table of Contents

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

The declaration, payment and determination of the amount of our quarterly dividend will be at the sole discretion of our manager. We cannot assure you that any dividends, whether quarterly or otherwise, will or can be paid. See Cash Dividend Policy for a discussion of the factors our manager is likely to consider in regard to our payment of cash dividends.

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

first, we will cause one or more entities in the Apollo Operating Group to make a distribution to all of its partners, including our

Table of Contents

wholly-owned subsidiaries APO Corp. and APO Asset Co., LLC (as applicable), and Holdings, on a pro rata basis;

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

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

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

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

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

Table of Contents

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

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

Trading	We intend to apply for our Class A shares to be listed on the NYSE under the symbol . The listing is subject to approval of our application.
Risk Factors	Please read the section entitled Risk Factors beginning on page 28 for a discussion of some of the factors you should carefully consider before deciding to invest in our Class A shares.

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

- 240,000,000 Class A shares issuable upon exchange of the Apollo Operating Group units and interests in our Class B share by Holdings on behalf of our managing partners and contributing partners;

Table of Contents

interests granted or reserved under our equity incentive plan, consisting of:

20,477,101 restricted share units (RSUs) that were granted in 2007 and 6,403,553 that were granted (net of forfeited awards) in the first quarter of 2008, subject to vesting, to certain employees and consultants;

an additional 2,586,432 RSUs (net of awards forfeited in the second quarter of 2008) that were granted on June 30, 2008; and

effective as of January 1, 2008, 25,756,931 additional interests in respect of Class A shares that were reserved for issuance under the equity incentive plan, for a total number of shares covered by awards issued and reserved for issuance, as of January 1, 2008, of 78,706,931 shares. The plan is subject to automatic increases annually.

Table of Contents

Summary Historical and Other Data

The following summary historical consolidated and combined financial and other data of Apollo Global Management, LLC should be read together with Our Structure, Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated and combined financial statements and related notes included elsewhere in this prospectus and the unaudited condensed consolidated pro forma financial information and notes thereto included elsewhere in this prospectus under Unaudited Condensed Consolidated Pro Forma Financial Information.

We derived the summary historical consolidated and combined statements of operations data of Apollo Global Management, LLC for the years ended December 31, 2007, 2006 and 2005 and the summary historical consolidated and combined statements of financial condition data as of December 31, 2007 and 2006 from our audited consolidated and combined financial statements, which are included elsewhere in this prospectus.

We derived the summary historical consolidated and combined statements of operations data for the years ended December 31, 2004 and 2003 and the summary consolidated and combined statements of financial condition data as of December 31, 2005, 2004 and 2003 from our unaudited consolidated and combined financial statements which are not included in this prospectus. The unaudited consolidated and combined financial statements have been prepared on substantially the same basis as the audited consolidated and combined financial statements and include all adjustments that we consider necessary for a fair presentation of our consolidated and combined financial position and results of operation for all periods presented.

We derived the summary historical condensed consolidated and combined statement of operations of Apollo Global Management, LLC for the three months ended March 31, 2008 and 2007 and the summary historical condensed consolidated and combined statement of financial condition data as of March 31, 2008 from our unaudited condensed consolidated and combined financial statements, which are included elsewhere in this prospectus. The unaudited condensed consolidated and combined financial statements of Apollo Global Management, LLC have been prepared on substantially the same basis as the audited consolidated and combined financial statements and include all adjustments that we consider necessary for a fair presentation of the company s consolidated and combined financial condition and results of operations for all periods presented.

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

Table of Contents

	Three months ended March 31, 2008[(c)]	Three months ended March 31, 2007[(c)]	Year ended December 31, 2007[(c)]	2006[(c)]	2005	2004	2003
				(in thousands)			
Statement of Operations Data							
Revenues:							
Advisory and transaction fees from affiliates	$ 72,975	$ 26,399	$ 150,191	$ 147,051	$ 80,926	$ 67,503	$ 42,126
Management fees from affiliates	84,692	31,210	192,934	101,921	33,492	26,391	9,299
Carried interest (loss) income from affiliates	(142,238)	67,301	294,725	97,508	69,347	67,370	25,915
Total Revenues	15,429	124,910	637,850	346,480	183,765	161,264	77,340
Expenses:							
Compensation and benefits	268,067	109,471	1,450,330	266,772	309,235	473,691	165,086
Interest expense beneficial conversion feature			240,000				
Interest expense	16,564	3,253	105,968	8,839	1,405	2,143	3,919
Professional fees	23,995	18,033	81,824	31,738	45,687	39,652	37,806
General, administrative and other	12,836	6,827	36,618	38,782	25,955	19,506	15,927
Placement fees	24,132		27,253		47,028	171	538
Occupancy	5,262	2,926	12,865	7,646	5,993	5,089	1,731
Depreciation and amortization	6,336	830	7,869	3,288	2,304	2,210	1,876
Total Expenses	357,192	141,340	1,962,727	357,065	437,607	542,462	226,883
Other (Loss) Income:							
Net (losses) gains from investment activities	(125,300)	753,017	2,279,263	1,620,554	1,970,770	2,826,300	1,809,319
Dividend income from affiliates		79,836	238,609	140,569	25,979	178,620	188,549
Interest income	6,752	14,924	52,500	38,423	33,578	41,745	73,064
(Loss) income from equity method investments	(2,639)	584	1,722	1,362	412	1,010	321
Other (loss) income	(468)	487	(36)	3,154	2,832	3,098	3,457
Total Other (Loss) Income	(121,655)	848,848	2,572,058	1,804,062	2,033,571	3,050,773	2,074,710
(Loss) Income Before Income Tax Tax Benefit (Provision) and Non-Controlling Interest	(463,418)	832,418	1,247,181	1,793,477	1,779,729	2,669,575	1,925,167
Income tax benefit (provision)	2,494	(1,771)	(6,726)	(6,476)	(1,026)	(2,800)	(2,506)
(Loss) Income Before Non-Controlling Interest	(460,924)	830,647	1,240,455	1,787,001	1,778,703	2,666,775	1,922,661
Non-Controlling Interest	364,520	(686,606)	(1,810,106)	(1,414,022)	(1,577,459)	(2,191,420)	(1,725,815)
Net (Loss) Income	$ (96,404)	$ 144,041	$ (569,651)	$ 372,979	$ 201,244	$ 475,355	$ 196,846
Statement of Financial Condition Data							
(as of period end)							
Total Assets	$ 4,637,060	$ 11,187,967	$ 5,115,642	$ 11,179,921	$ 7,571,249	$ 7,798,333	$ 7,267,359
Total Debt Obligations	1,056,406	78,017	1,057,761	93,738	20,519	22,262	42,061
Total Equity	80,503	431,667	96,043	484,921	338,625	406,672	190,860
Non-Controlling Interest	2,073,693	9,971,875	2,312,286	9,847,069	6,556,621	6,843,076	6,843,741
Other Data (non-U.S. GAAP):							
Economic Net (Loss) Income [(a)]	$ (57,341)	$ 145,368	$ 152,846	$ 376,600	$ 198,860	$ 475,796	$ 196,962
Private equity dollars invested[(b)]	3,166,342	359,998	8,647,912	5,216,715	686,663	819,843	1,544,671

Assets Under Management (as of period end) (in millions):							
Private Equity	$ 30,553	$ 19,534	$ 30,237	$ 20,186	$ 18,734	$ 9,765	$ 9,200
Capital Markets	10,141	6,028	10,118	4,392	2,463	1,557	529
Total AUM	$ 40,694	$ 25,562	$ 40,355	$ 24,578	$ 21,197	$ 11,322	$ 9,729

(a) Economic Net Income (ENI) is a key performance measure used by management in evaluating the performance of our private equity and capital markets segments, as the amount of management fees, advisory and transaction fees and carried interest income are indicative of the company s performance. ENI is a measure of profitability and has certain limitations in that is does not take into account certain items included under U.S. GAAP. ENI represents segment income (loss), which excludes the impact of non-cash charges related to equity-based compensation, income taxes and Non-Controlling Interest. In addition, segment data excludes the assets, liabilities and operating results of the Apollo funds that are included in the consolidated and combined financial statements. We believe that ENI is helpful to an understanding of our business and that investors should review the same supplemental financial measure that management uses to analyze our segment performance. Refer to the section titled Managing Business Performance on page 97 for a more comprehensive explanation as to how economic net income is used to manage and evaluate our business.

Table of Contents

Below is a reconciliation of our net (loss) income for the three months ended March 31, 2008 and 2007 and the years ended December 31, 2003 through 2007 to ENI for such periods:

	Three months ended March 31, 2008	Three months ended March 31, 2007	Year ended December 31, 2007	2006	2005	2004	2003
				(in thousands)			
Net (Loss) Income :	$ (96,404)	$ 144,041	$ (569,651)	$ 372,979	$ 201,244	$ 475,355	$ 196,846
(i) Adjusted for the impact of non-cash charges related to equity-based compensation	283,277	189	989,849				
(ii) Income tax (benefit) provision	(2,494)	1,771	6,726	6,476	1,026	2,800	2,506
(iii) Non-Controlling Interest[d]	(241,720)	(633)	(274,078)	(2,855)	(3,410)	(2,359)	(2,390)
Economic Net (Loss) Income	$ (57,341)	$ 145,368	$ 152,846	$ 376,600	$ 198,860	$ 475,796	$ 196,962

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

(c) Significant changes in the statement of operations for 2008 and 2007 compared to their respective comparative period are due to (i) the Reorganization, (ii) the deconsolidation of certain funds and (iii) the Strategic Investors Transaction.

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

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

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

Interest expense increased as a result of conversion of debt on which the Strategic Investors had a beneficial conversion feature. Additionally, interest expense increased related to the $1.0 billion AMH credit facility obtained in April 2007.

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

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

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

(d) Amounts include Non-Controlling Interest for Holdings, and a trust which holds certain of our corporate aircraft (the Aircraft Trust).

RISK FACTORS

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

Risks Related to Taxation

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

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

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

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

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

The U.S. Congress, the IRS and the U.S. Treasury Department are currently examining the U.S. Federal income tax treatment of private equity funds, hedge funds and other kinds of investment partnerships. The present U.S. Federal income tax treatment of a holder of Class A shares and/or our own taxation as described under Material Tax Considerations Material U.S. Federal Tax Considerations may be adversely affected by any new legislation, new regulations or revised interpretations of existing tax law that arise as a result of such examinations. Most notably, on June 14, 2007, legislation was introduced in the Senate that would tax as corporations publicly traded partnerships that directly or indirectly derive income from investment advisor or asset management services and similar legislation was later introduced in the House of Representatives. In addition, on June 22, 2007, legislation was introduced in the House of Representatives that would cause allocations of income associated with carried interests to be taxed as ordinary income for the performance of services, which apparently would have the effect of treating publicly traded partnerships that derive substantial amounts of income from carried interests as corporations for U.S. Federal income tax purposes. On October 25, 2007, the House Ways and Means Committee Chairman, in connection with his tax reform proposal, introduced legislation that was substantially similar to the June 22, 2007 bill. On November 9, 2007, the House of Representatives passed legislation similar to the June 22, 2007 legislation. Under a transition rule contained in the November 9, 2007 legislation, the carried interest would not be treated as ordinary income for purposes of Section 7704 until December 31, 2009 and therefore would not preclude us from qualifying as a partnership for U.S. Federal income tax purposes until our taxable year beginning January 1, 2010. None of these legislative proposals affecting the tax treatment of our carried interests or of our ability to qualify as a partnership for U.S. Federal income tax purposes has yet been entered into law. Any such changes in tax law would cause us to be taxable as a corporation, thereby substantially increasing our tax liability and reducing the value of Class A shares. Furthermore, it is possible that the U.S. Federal income tax law could be changed so as to adversely affect the anticipated tax consequences for us and/or the holders of Class A shares as described under Material Tax Considerations Material U.S. Federal Tax Considerations, including possible changes that would adversely affect the taxation of tax-exempt and/or non-U.S. holders of Class A shares. It is unclear whether any such legislation would apply to us and/or the holders of Class A shares, and it is unclear whether any other such tax law changes will occur or, if they do, how they might affect us and/or the holders of Class A shares. In view of the potential significance of any such U.S. Federal income tax law changes and the fact that there are likely to be ongoing developments in this area, each prospective holder of Class A shares should consult its own tax advisor to determine the U.S. Federal income tax consequences to it of acquiring and holding Class A shares in light of such potential U.S. Federal income tax law changes.

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

The U.S. Federal income tax treatment of holders of Class A shares depends in some instances on determinations of fact and interpretations of complex provisions of U.S. Federal income tax law for which no clear precedent or authority may be available. You should be aware that the U.S. Federal income tax rules are constantly under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. The IRS pays close attention to the proper application of tax laws to partnerships and entities taxed as partnerships. The present U.S. Federal income tax treatment of an investment in our Class A shares may be modified by administrative, legislative or judicial interpretation at any time, and any such action may affect investments and commitments previously made. Changes to the U.S. Federal income tax laws and interpretations thereof could make it more difficult or impossible to meet the qualifying income exception for us to be treated as a partnership for U.S. Federal income tax purposes that is not taxable as a corporation, affect or cause us to change our investments and commitments, affect the tax considerations of an investment in us, change the character or treatment of portions of our income (including, for instance, the treatment of carried interest as ordinary income rather than capital gain) or otherwise adversely affect an investment in our Class A shares. See Material Tax Considerations Material U.S. Federal Tax Considerations Administrative Matters Possible New Legislation or Administrative or Judicial Action.

Our operating agreement permits our manager to modify our operating agreement from time to time, without the consent of the holders of Class A shares, to address certain changes in U.S. Federal income tax regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all holders of Class A shares. Moreover, we will apply certain assumptions and conventions in an attempt to comply with applicable rules and to report income, gain, deduction, loss and credit to holders of Class A shares in a manner that reflects such beneficial ownership of items by holders of Class A shares, taking

Table of Contents

into account variation in ownership interests during each taxable year because of trading activity. However, those assumptions and conventions may not be in compliance with all aspects of applicable tax requirements. It is possible that the IRS will assert successfully that the conventions and assumptions used by us do not satisfy the technical requirements of the Code and/or Treasury regulations and could require that items of income, gain, deductions, loss or credit, including interest deductions, be adjusted, reallocated or disallowed in a manner that adversely affects holders of Class A shares.

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Our Organization and Structure

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

On June 14, 2007, the Chairman and the Ranking Republican Member of the U.S. Senate Committee on Finance introduced legislation that would tax as corporations publicly traded partnerships that directly or indirectly derive income from investment advisor or asset management services. In addition, the Chairman and the Ranking Republican Member concurrently issued a press release stating that they do not believe that proposed public offerings of private equity and hedge fund management firms are consistent with the intent of the existing rules regarding publicly traded partnerships because the majority of their income is from the active provision of services to investment funds and limited partner investors in such funds. Further, they have sent letters to the Secretary of the Treasury and the Chairman of the U.S. Securities and Exchange Commission regarding these tax issues in which they express a view that recent initial public offerings of private equity and hedge funds raise serious tax questions that if left unaddressed have the potential to jeopardize the integrity of the tax code and the corporate tax base over the long term. As explained in the technical explanation accompanying the proposed legislation:

Table of Contents

Under the bill, the exception from corporate treatment for a publicly traded partnership does not apply to any partnership that, directly or indirectly, has any item of income or gain (including capital gains or dividends), the rights to which are derived from services provided by any person as an investment advisor, as defined in the Investment Advisers Act, or as a person associated with an investment advisor, as defined in that Act. Further, the exception from corporate treatment does not apply to a partnership that, directly or indirectly, has any item of income or gain (including capital gains or dividends), the rights to which are derived from asset management services provided by an investment advisor, a person associated with an investment advisor, or any person related to either, in connection with the management of assets with respect to which investment advisor services were provided. For purposes of the bill, these determinations are made without regard to whether the person is required to register as an investment advisor under the Investment Advisers Act.

If enacted in its present form, the proposed legislation introduced by the Chairman and the Ranking Republican Member of the U.S. Senate Committee on Finance would be effective as of the date it was introduced and could potentially apply to us as early as our 2007 taxable year. On June 20, 2007, a Congressman from Vermont introduced legislation in the House of Representatives that is substantially similar to the proposed legislation introduced in the Senate. In addition, on June 22, 2007, legislation was introduced in the House of Representatives that would cause allocations of income associated with carried interests to be taxed as ordinary income for the performance of services, which apparently would have the effect of treating publicly traded partnerships that derive substantial amounts of income from carried interests as corporations for U.S. Federal income tax purposes (although the effective date of such legislation has not been determined). On October 25, 2007, the House Ways and Means Committee Chairman, in connection with his tax reform proposal, introduced legislation that was substantially similar to the June 22, 2007 bill. On November 9, 2007, the House of Representatives passed legislation similar to the June 22, 2007 legislation. Under a transition rule contained in the November 9, 2007 legislation, the carried interest would not be treated as ordinary income for purposes of Section 7704 until December 31, 2009 and therefore would not preclude us from qualifying as a partnership for U.S. Federal income tax purposes until our taxable year beginning January 1, 2010. None of these legislative proposals affecting the tax treatment of our carried interests or of our ability to qualify as a partnership for U.S. Federal income tax purposes has yet been entered into law. If the proposed legislation introduced in either the Senate or the House of Representatives were to be enacted into law in its proposed form, we would incur a substantial increase in our tax liability when such legislation begins to apply to us. If Apollo Global Management, LLC were taxed as a corporation, our effective tax rate would increase substantially. The U.S. Federal statutory rate for corporations is currently 35%, and the state and local tax rates, net of the Federal benefit, would aggregate approximately 4%. If any of this proposed legislation or any other change in the tax laws, rules, regulations or interpretations preclude us from qualifying for treatment as a partnership for U.S. Federal income tax purposes under the publicly traded partnership rules, this would substantially increase our tax liability and it could well result in a reduction in the value of our Class A shares.

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

So long as the Apollo control condition is satisfied, our manager, AGM Management, LLC, which is owned by our managing partners, will manage all of our operations and activities. AGM Management, LLC is managed by BRH, a Cayman entity owned by our managing partners and managed by an executive committee composed of our managing partners. Our shareholders do not elect our manager, its manager or its manager s executive committee and, unlike the holders of common stock in a corporation, have only limited voting rights on matters affecting our businesses and therefore limited ability to influence decisions regarding our businesses. Furthermore, if our shareholders are dissatisfied with the performance of our manager, they will have little ability to remove our manager. As discussed below, the managing partners collectively have 86.5% of the voting power of Apollo Global Management, LLC. Therefore, they will have the ability to control any shareholder vote that occurs, including any vote regarding the removal of our manager.

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

Our managing partners, through their partnership interests in Holdings, control 86.5% of the combined voting power of our shares entitled to vote. Accordingly, our managing partners have the ability to control our management and affairs to the extent not controlled by our manager. In addition, they are able to determine the outcome of all matters requiring shareholder approval (such as a proposed sale of all or substantially of our assets, the approval of a merger or consolidation involving the company, and an election by our manager to dissolve the company) and are able to cause or prevent a change of control of our company and could preclude any unsolicited acquisition of our company. The control of voting power by our managing partners could deprive Class A shareholders of an opportunity to receive a premium for their Class A shares as part of a sale of our company, and might ultimately affect the market price of the Class A shares.

In addition, our managing partners and contributing partners, through their partnership interests in Holdings, are entitled to 71.1% of Apollo Operating Group s economic returns through the Apollo Operating Group units owned by Holdings. Because they hold their economic interest in our businesses directly through the Apollo Operating Group, rather than through the issuer of the Class A shares, our managing partners and contributing partners may have conflicting interests with holders of Class A shares. For example, our managing partners and contributing partners may have different tax positions from us, which could influence their decisions regarding whether and when to dispose of assets, and whether and when to incur new or refinance existing indebtedness, especially in light of the existence of the tax receivable agreement. In addition, the structuring of future transactions may take into consideration the managing partners and contributing partners tax considerations even where no similar benefit would accrue to us.

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

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

37

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

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

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

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

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

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

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

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

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

As a result of unrealized built-in gain attributable to the value of our assets held by the Apollo Operating Group entities at the time of the Offering Transactions, upon the sale, refinancing or disposition of the assets owned by the Apollo Operating Group entities, our managing partners and contributing partners will incur different and significantly greater tax liabilities as a result of the disproportionately greater allocations of items of taxable income and gain to the managing partners and contributing partners upon a realization event. As the managing partners and contributing partners will not receive a corresponding greater distribution of cash proceeds, they may, subject to applicable fiduciary or contractual duties, have different objectives regarding the appropriate pricing, timing and other material terms of any sale, refinancing, or disposition, or whether to sell such assets at all. Decisions made with respect to an acceleration or deferral of income or the sale or disposition of assets with unrealized built-in gains may also influence the timing and amount of payments that are received by an exchanging or selling founder or partner under the tax receivable agreement. All other factors being equal, earlier disposition of assets with unrealized built-in gains following such exchange will tend to accelerate such payments and increase the present value of the tax receivable agreement, and disposition of assets with unrealized built-in gains before an exchange will increase a managing partner s or contributing partner s tax liability without giving rise to any rights to receive payments under the tax receivable agreement. Decisions made regarding a change of control also could have a material influence on the timing and amount of payments received by our managing partners and contributing partners pursuant to the tax receivable agreement.

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

On a quarterly basis, each managing partner and contributing partner will have the right to exchange the Apollo Operating Group units that he holds through his partnership interest in Holdings for our Class A shares in a taxable transaction. These taxable exchanges, as well as our acquisitions of units from our managing partners or

Table of Contents

contributing partners, may result in increases in the tax depreciation and amortization deductions from depreciable and amortizable assets, as well as an increase in the tax basis of other assets of the Apollo Operating Group that otherwise would not have been available. A portion of these increases in tax depreciation and amortization deductions, as well as the increase in the tax basis of such other assets, will reduce the amount of tax that APO Corp. would otherwise be required to pay in the future. The IRS may challenge all or part of these increased deductions and tax basis increases and a court could sustain such a challenge.

We have entered into a tax receivable agreement with Holdings that provides for the payment by APO Corp. to our managing partners and contributing partners of 85% of the amount of actual tax savings, if any, that APO Corp. realizes (or is deemed to realize in the case of an early termination payment by APO Corp. or a change of control, as discussed below) as a result of these increases in tax deductions and tax basis of the Apollo Operating Group. The payments that APO Corp. may make to our managing partners and contributing partners could be material in amount. In the event that other of our current or future subsidiaries become taxable as corporations and acquire Apollo Operating Group units in the future, or if we become taxable as a corporation for U.S. Federal income tax purposes, we expect, and have agreed that, each will become subject to a tax receivable agreement with substantially similar terms.

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

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

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

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

Risks Related to Our Businesses

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

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

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

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

Our businesses are materially affected by conditions in the global financial markets and economic conditions throughout the world that are outside our control, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices

and the liquidity and the value of investments. We may not be able to or may choose not to manage our exposure to these market conditions. In the event of a downturn in one or more markets, a deterioration in economic conditions or a disruptive political event, our businesses could be materially adversely affected. For example, financing leveraged buyout transactions by issuing high-yield debt securities in the public capital markets has recently become difficult. In particular, beginning in July 2007, the financial markets encountered a series of events from the sub-prime fall-out which led to a dislocation of credit markets and a rapid deterioration of conditions in fixed income markets. As a result, the backlog of debt raised to fund pending large private equity-led transactions reached record levels. This record backlog of supply in the debt markets has materially affected the ability and willingness of lenders to fund new large private equity-led transactions and recently some lenders have reneged on their funding commitments. Due to the difficulties in financing transactions, the volume of private equity-led transactions has declined significantly. If the disruption continues, we and the funds we manage may experience further tightening of liquidity, reduced earnings and cash flow, impairment charges, as well as, challenges in raising additional capital, obtaining investment financing and making investments on attractive terms. These market conditions can also have an impact on our ability to liquidate positions in a timely and efficient manner. More costly and restrictive financing may adversely impact the returns of our leveraged buyout transactions and, therefore, adversely affect our results of operations and financial condition. This was the case following the attacks of September 11, 2001 and the U.S. invasion of Iraq in March 2003, when the economic effects of such events made it more difficult for us to raise capital and to consummate transactions. Our profitability may also be adversely affected by the possibility that we would be unable to scale back our costs, many of which are fixed, within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions.

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

- our AUM to decrease, lowering management fees from our capital markets funds and AAA;
- lower investment returns, reducing incentive income;
- higher interest rates, which could increase the cost of the debt capital we use to acquire companies in our private equity business; and
- material reductions in the value of our private equity fund investments in portfolio companies, affecting our ability to realize carried interest from these investments.

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

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

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

Table of Contents

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

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

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

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

We may not be successful in raising new private equity or capital markets funds or in raising more capital for our capital markets funds.

In this prospectus, we describe capital raising efforts that certain of our businesses are currently undertaking. Our funds may not be successful in consummating these capital-raising efforts or others that they may undertake, or they may consummate them at investment levels far lower than those currently anticipated. Any capital raising that our funds do consummate may be on terms that are unfavorable to us or that are otherwise different from the terms that we have been able to obtain in the past. These risks could occur for reasons beyond our control, including general economic or market conditions, regulatory changes or increased competition. The failure of our funds to raise capital in sufficient amounts and on satisfactory terms would result in us being unable to achieve the increase in AUM that we currently anticipate, and would have a material adverse effect on our financial condition and results of operations.

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

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

Table of Contents

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

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

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

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

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

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

- our track record with respect to our capital markets funds is relatively short as compared to our private equity funds and five out of nine of our capital markets funds commenced operations in the eighteen months prior to March 31, 2008;

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

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

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

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

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

44

Table of Contents

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

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

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

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

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

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

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

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

Table of Contents

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

We derive revenues in part from:

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

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

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

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

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

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

46

Table of Contents

Future Regulation. We may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U.S. or non-U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. We also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. New laws or regulations could make compliance more difficult and expensive and affect the manner in which we conduct business.

As a result of highly publicized financial scandals, investors have exhibited concerns over the integrity of the U.S. financial markets, and the regulatory environment in which we operate both in the United States and outside the United States is particularly likely to be subject to further regulation. In recent years, there has been debate in both the U.S. and foreign governments about new rules or regulations to be applicable to the private equity industry. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. The effects of any such legislation could be extensive. For example, such changes could place limitations on the type of investor that can invest in private equity or capital markets funds or on the conditions under which such investors may invest, or could limit the scope of investing activities that may be undertaken.

In addition, regulatory developments designed to increase oversight of hedge funds may adversely affect our businesses. In recent years, there has been debate in U.S. and foreign governments about new rules and regulations for hedge funds. For example, the SEC had recently adopted a rule, which was later struck down by a Federal court, that would have required registration under the Investment Advisers Act of 1940, as amended, or the Investment Advisers Act, of hedge fund managers if they had fewer than 15 funds, but those funds had 15 or more investors in the aggregate. While certain of our entities that serve as advisers to our funds are already registered with the SEC under the Advisers Act, other new regulations could constrain or otherwise impose burdens on our businesses.

Legislative proposals have recently been introduced in Denmark and Germany that would significantly limit the tax deductibility of interest expense incurred by companies in those countries. If adopted, these measures would adversely affect Danish and German companies in which our funds have investments and limit the benefits to them of additional investments in those countries. Our businesses are subject to the risk that similar measures might be introduced in other countries in which they currently have investments or plan to invest in the future, or that other legislative or regulatory measures might be promulgated in any of the countries in which we operate that adversely affect our businesses. In particular, the U.S. Federal income tax law that determines the tax consequences of an investment in Class A shares is under review and is potentially subject to adverse legislative, judicial or administrative change, possibly on a retroactive basis, including possible changes that would result in the treatment of all of our carried interest income as ordinary income, that would cause us to become taxable as a corporation and/or would have other adverse effects. Legislation that would cause us to be taxable as a corporation after the Class A shares are listed is pending in Congress. See Risks Related to Taxation and Risks Related to Our Organization and Structure. In addition, U.S. and foreign labor unions have recently been agitating for greater legislative and regulatory oversight of private equity firms and transactions. Labor unions have also threatened to use their influence to prevent pension funds from investing in private equity funds.

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

Table of Contents

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

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

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

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

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

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

Over the past several years, the size and number of private equity funds and capital markets funds has continued to increase. If this trend continues, it is possible that it will become increasingly difficult for our funds to raise capital as funds compete for investments from a limited number of qualified investors. As the size and number of private equity and capital markets funds increase, it could become more difficult to win attractive investment opportunities at favorable prices. More significantly, the allocation of increasing amounts of capital to alternative investment strategies by institutional and individual investors may lead to a reduction in profitable

Table of Contents

investment opportunities, including by driving prices for investments higher and increasing the difficulty of achieving targeted returns. In addition, if interest rates were to rise or there were to be a prolonged bull market in equities, the attractiveness of our funds relative to investments in other investment products could decrease.

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

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

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

- fund investors may develop concerns that we will allow a business to grow to the detriment of its performance;
- some of our competitors have greater capital, lower targeted returns or greater sector or investment strategy-specific expertise than we do, which creates competitive disadvantages with respect to investment opportunities;
- some of our competitors may also have a lower cost of capital and access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to investment opportunities;
- some of our competitors may perceive risk differently than we do, which could allow them either to outbid us for investments in particular sectors or, generally, to consider a wider variety of investments;
- our competitors that are corporate buyers may be able to achieve synergistic cost savings in respect of an investment, which may provide them with a competitive advantage in bidding for an investment;
- some fund investors may prefer to invest with an investment manager that is not publicly traded;
- there are relatively few barriers to entry impeding new private equity and capital markets fund management firms, and the successful efforts of new entrants into our various businesses, including former star portfolio managers at large diversified financial institutions as well as such institutions themselves, will continue to result in increased competition;

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

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

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

Table of Contents

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

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

Our success depends on our ability to retain our investment professionals and recruit additional qualified personnel. We anticipate that it will be necessary for us to add investment professionals as we pursue our growth strategy. However, we may not succeed in recruiting additional personnel or retaining current personnel, as the market for qualified investment professionals is extremely competitive. Our investment professionals possess substantial experience and expertise in investing, are responsible for locating and executing our funds investments, have significant relationships with the institutions that are the source of many of our funds investment opportunities, and in certain cases have key relationships with our fund investors. Therefore, if our investment professionals join competitors or form competing companies it could result in the loss of significant investment opportunities and certain existing fund investors. Legislation has been proposed in the U.S. Congress to treat carried interest as ordinary income rather than as capital gain for U.S. Federal income tax purposes. Because we compensate our investment professionals in large part by giving them an equity interest in our business or a right to receive carried interest, such legislation could adversely affect our ability to recruit, retain and motivate our current and future investment professionals. See Risks Related to Taxation Our structure involves complex provisions of U.S. Federal income tax law for which no clear precedent or authority may be available. Our structure also is subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis and Risks Related to Taxation The U.S. Federal income tax law that determines the tax consequences of an investment in Class A shares is under review and is potentially subject to adverse legislative, judicial or administrative change, possibly on a retroactive basis, including possible changes that would result in the treatment of our long-term capital gains as ordinary income, that would cause us to become taxable as a corporation and/or have other adverse effects. The loss of even a small number of our investment professionals could jeopardize the performance of our funds, which would have a material adverse effect on our results of operations. Efforts to retain or attract investment professionals may result in significant additional expenses, which could adversely affect our profitability.

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

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

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

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

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

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

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

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

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

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

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

Because many of our private equity funds investments rely heavily on the use of leverage, our ability to achieve attractive rates of return on investments will depend on our continued ability to access sufficient sources of indebtedness at attractive rates. For example, in many private equity investments, indebtedness may constitute

Table of Contents

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

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

- give rise to an obligation to make mandatory prepayments of debt using excess cash flow, which might limit the entity s ability to respond to changing industry conditions to the extent additional cash is needed for the response, to make unplanned but necessary capital expenditures or to take advantage of growth opportunities;
- allow even moderate reductions in operating cash flow to render it unable to service its indebtedness, leading to a bankruptcy or other reorganization of the entity and a loss of part or all of the equity investment in it;
- limit the entity s ability to adjust to changing market conditions, thereby placing it at a competitive disadvantage compared to its competitors who have relatively less debt;
- limit the entity s ability to engage in strategic acquisitions that might be necessary to generate attractive returns or further growth; and
- limit the entity s ability to obtain additional financing or increase the cost of obtaining such financing, including for capital expenditures, working capital or general corporate purposes.

As a result, the risk of loss associated with a leveraged entity is generally greater than for companies with comparatively less debt.

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

Table of Contents

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

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

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

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

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

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

We face operational risk from errors made in the execution, confirmation or settlement of transactions. We also face operational risk from transactions not being properly recorded, evaluated or accounted for in our funds. In particular, our credit-oriented capital markets business is highly dependent on our ability to process and evaluate, on a daily basis, transactions across markets and geographies in a time-sensitive, efficient and accurate

Table of Contents

manner. Consequently, we rely heavily on our financial, accounting and other data processing systems. New investment products we may introduce could create a significant risk that our existing systems may not be adequate to identify or control the relevant risks in the investment strategies employed by such new investment products. In addition, our information systems and technology might not be able to accommodate our growth, and the cost of maintaining such systems might increase from its current level. These risks could cause us to suffer financial loss, a disruption of our businesses, liability to our funds, regulatory intervention and reputational damage.

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

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

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

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

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

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

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

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

We have a $1 billion term loan outstanding under the AMH credit facility. We may choose to finance our business operations through further borrowings. Our existing and future indebtedness exposes us to the typical risks associated with the use of leverage, including those discussed below under Dependence on significant leverage in investments by our funds could adversely affect our ability to achieve attractive rates of return on those investments. These risks are exacerbated by certain of our funds use of leverage to finance investments and, if they were to occur, could cause us to suffer a decline in the credit ratings assigned to our debt by rating agencies, which might result in an increase in our borrowing costs or result in other material adverse effects on our businesses.

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

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

See Unaudited Condensed Consolidated Pro Forma Financial Information for information concerning the pro forma effects of borrowings under the AMH credit facility on our historical financial results.

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

In general, we will be exposed to risk of litigation by our investors if our management of any fund is alleged to constitute bad faith, gross negligence, willful misconduct, fraud, willful or reckless disregard for our duties to the fund or other forms of misconduct. Investors could sue us to recover amounts lost by our funds due to our alleged misconduct, up to the entire amount of loss. Further, we may be subject to litigation arising from investor dissatisfaction with the performance of our funds or from allegations that we improperly exercised control or influence over companies in which our funds have large investments. By way of example, we, our funds and certain of our employees are each exposed to the risks of litigation relating to investment activities in our funds and actions taken by the officers and directors (some of whom may be Apollo employees) of portfolio companies, such as the risk of shareholder litigation by other shareholders of public companies in which our funds have large investments. We are also exposed to risks of litigation or investigation relating to transactions that presented conflicts of interest that were not properly addressed. In addition, our rights to indemnification by the funds we manage may not be upheld if challenged, and our indemnification rights generally do not cover bad faith, gross negligence, willful misconduct, fraud, willful or reckless disregard for our duties to the fund or other forms of misconduct. If we are required to incur all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or failure to obtain indemnification from our funds, our results of operations, financial condition and liquidity would be materially adversely affected.

In addition, with a workforce that includes many very highly paid investment professionals, we face the risk of lawsuits relating to claims for compensation, which may individually or in the aggregate be significant in amount. The cost of settling such claims could adversely affect our results of operations.

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

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

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

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

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

We intend, to the extent that market conditions warrant, to grow our businesses by increasing AUM in existing businesses and expanding into new investment strategies, geographic markets and businesses. Our organizational documents, however, do not limit us to the investment management business. Accordingly, we may pursue growth through acquisitions of other investment management companies, acquisitions of critical business partners or other strategic initiatives, which may include entering into new lines of business, such as the insurance, broker-dealer or financial advisory industries. In addition, we expect opportunities will arise to acquire other alternative or traditional asset managers. To the extent we make strategic investments or acquisitions,

Table of Contents

undertake other strategic initiatives or enter into a new line of business, we will face numerous risks and uncertainties, including risks associated with (i) the required investment of capital and other resources, (ii) the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk, (iii) combining or integrating operational and management systems and controls and (iv) the broadening of our geographic footprint, including the risks associated with conducting operations in foreign jurisdictions. Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk. If a new business generates insufficient revenues or if we are unable to efficiently manage our expanded operations, our results of operations will be adversely affected. Our strategic initiatives may include joint ventures, in which case we will be subject to additional risks and uncertainties in that we may be dependent upon, and subject to liability, losses or reputational damage relating to, systems, controls and personnel that are not under our control.

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

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

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

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

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

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

As a result, it may take a number of years for the market value of such investments to ultimately reflect their intrinsic value as perceived by us.

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

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

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

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

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

Investments by our capital markets funds (and, in limited instances, our private equity funds) will include debt instruments and equity securities of companies that we do not control. Such instruments and securities may be acquired by our funds through trading activities or through purchases of securities from the issuer. In the future, our private equity funds may seek to acquire minority equity interests more frequently and may also dispose of a portion of their majority equity investments in portfolio companies over time in a manner that results in the funds retaining a minority investment. Those investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the values of investments by our funds could decrease and our financial condition, results of operations and cash flow could suffer as a result.

Our funds may face risks relating to undiversified investments.

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

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

Some of our funds invest a portion of their assets in the equity, debt, loans or other securities of issuers located outside the United States, including, Germany, China and Singapore. In addition to business uncertainties, such investments may be affected by changes in exchange values as well as political, social and

Table of Contents

economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different, particularly with respect to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such companies.

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

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

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

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

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

Our financial projections for portfolio companies could prove inaccurate.

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

Fraud and other deceptive practices could harm fund performance.

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

Contingent liabilities could harm fund performance.

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

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

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

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

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

Table of Contents

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

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

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

In addition, under the provisions of the Investment Company Act, AIC is not generally able to issue and sell its common stock at a price below the current net asset value per share of the common stock without shareholder approval, and could as a result be limited in its ability to raise capital.

Our hedge funds are subject to numerous additional risks.

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

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

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

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

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

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

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

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

Table of Contents

Risks Related To This Offering

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

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

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

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

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

- a lack of liquidity in the trading of our Class A shares;
- adverse publicity about the asset management industry generally or individual scandals, specifically; and
- general market and economic conditions.

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

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

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

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

The market price of our Class A shares could decline as a result of sales of a large number of our Class A shares or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and price that we deem appropriate. At March 31, 2008, we had 97,324,541 Class A shares outstanding, not including approximately 28 million Class A shares or share units granted, subject to vesting, to certain employees and consultants under our equity incentive plan. The Class A shares reserved under our equity incentive plan are increased on the first day of each fiscal year during the plan s term by the lesser of (x) the excess of (i) 15% of the number of outstanding Class A shares of the company and the number of outstanding Apollo Operating Group units on the last day of the immediately preceding fiscal year over (ii) the number of shares reserved and available for issuance under our equity incentive plan as of such date or (y) such lesser amount by which the administrator may decide to increase the number of Class A shares. Following such increase and grants of RSUs made on March 31, 2008, 51,826,277 Class A shares remained available for future grant under our equity incentive plan. In addition, Holdings may at any time exchange its Apollo Operating Group units for up to 240,000,000 Class A shares on behalf of our managing partners and contributing partners. We may also elect to sell additional Class A shares in one or more future primary offerings.

Our managing partners and contributing partners, through their partnership interests in Holdings, own an aggregate of 71.1% of the Apollo Operating Group units. Subject to certain procedures and restrictions (including the vesting schedules applicable to our managing partners and contributing partners and any applicable transfer restrictions and lock-up agreements) each managing partner and contributing partner has the right, upon 60 days notice prior to a designated quarterly date, to exchange the Apollo Operating Group units for Class A shares. Holdings, our executive officers and directors, certain employees and consultants who received Class A shares in connection with the Offering Transactions and the Strategic Investors have agreed with the initial purchasers not to dispose of or hedge any of our Class A shares, subject to specified exceptions, through the date 180 days after the shelf effectiveness date, except with the prior written consent of the representatives of the initial purchasers. After the expiration of this 180-day lock-up period, these Class A shares will be eligible for resale from time to time, subject to certain contractual restrictions and Securities Act limitations. Under certain circumstances, the 180-day lock-up period may be extended.

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

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

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

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

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

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

Our managing partners, through their ownership of BRH, beneficially own the Class B share that we have issued to BRH. The managing partners interests in such Class B share represents 86.5% of the total combined voting power of our shares entitled to vote. As a result, they are able to exercise control over all matters requiring the approval of shareholders and are able to prevent a change in control of our company. In addition, our operating agreement provides that so long as the Apollo control condition is satisfied, our manager, which is owned and controlled by our managing partners, manages all of our operations and activities. The control of our manager will make it more difficult for a potential acquirer to assume control of us. Other provisions in our operating agreement may also make it more difficult and expensive for a third party to acquire control of us even if a change of control would be beneficial to the interests of our shareholders. For example, our operating agreement requires advance notice for proposals by shareholders and nominations, places limitations on convening shareholder meetings, and authorizes the issuance of preferred shares that could be issued by our board of directors to thwart a takeover attempt. In addition, certain provisions of Delaware law may delay or prevent a transaction that could cause a change in our control. The market price of our Class A shares could be adversely affected to the extent that our managing partners control over us, the control exercised by our manager as well as provisions of our operating agreement discourage potential takeover attempts that our shareholders may favor.

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

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

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Table of Contents

MARKET AND INDUSTRY DATA AND FORECASTS

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

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

Table of Contents

OUR STRUCTURE

Apollo Global Management, LLC was formed as a Delaware limited liability company for the purposes of completing the Reorganization, the Strategic Investors Transaction and the Offering Transactions and conducting our businesses as a publicly held entity. Apollo Global Management, LLC is a holding company whose primary assets are 28.9% of the limited partner interests of the Apollo Operating Group entities, in each case held through intermediate holding companies. The remaining 71.1% limited partner interests of the Apollo Operating Group entities are owned directly by Holdings, an entity 100% owned, directly and indirectly, by our managing partners and contributing partners, and represent its economic interest in the Apollo Operating Group. With limited exceptions, the Apollo Operating Group owns each of the operating entities included in our historical consolidated and combined financial statements as described below under Reorganization Our Assets. Prior to the Reorganization, our business was conducted through a number of entities as to which there was no single holding entity but that were separately owned by our managing partners. In order to facilitate the Rule 144A Offering, which closed on August 8, 2007, we effected the Reorganization to form our current holding company structure.

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

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

Table of Contents

The diagram below depicts our current organizational structure.

(1) Investors in the Rule 144A Offering hold 30.7% of the Class A shares, the CS Investor holds 7.7% of the Class A shares, and the Strategic Investors hold 61.6% of the Class A shares. The Class A shares held by investors in the Rule 144A Offering represent 10.8% of the total voting power of our shares entitled to vote and 8.8% of the economic interests in the Apollo Operating Group. Class A shares held by the CS Investor represent 2.7% of the total voting power of our shares entitled to vote and 2.2% of the economic interests in the Apollo Operating Group. Class A shares held by the Strategic Investors do not have voting rights and represent 17.8% of the economic interests in the Apollo Operating Group. Such Class A shares will become entitled to vote upon transfers by a Strategic Investor in accordance with the agreements entered into in connection with the Strategic Investors Transaction.

Table of Contents

(2) Our managing partners own BRH, which in turn holds our only outstanding Class B share. The Class B share represents 86.5% of the total voting power of our shares entitled to vote but no economic interest in Apollo Global Management, LLC. Our managing partners economic interests are instead represented by their indirect ownership, through Holdings, of 71.1% of the limited partnership interests in the Apollo Operating Group.

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

(4) Represents 71.1% of the limited partner interests in each Apollo Operating Group entity. The Apollo Operating Group units held by Holdings are exchangeable for Class A shares, as described below under Reorganization Equity Interests Retained by Our Managing Partners and Contributing Partners. Our managing partners, through their interest in BRH and Holdings, own 62.0% of the Apollo Operating Group units. Our contributing partners, through their ownership interests in Holdings, own 9.1% of the Apollo Operating Group units.

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

(6) Represents 28.9% of the limited partnership 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.

(7) Apollo Principal Holdings I, L.P. holds 100% of the non-economic general partner interests in the domestic general partners set forth below its name in the chart above. It also holds between 50% and 100% (depending on the particular fund investment) of all limited partner interests in the domestic general partners set forth below its name. The remaining limited partner interests in these domestic general partners are held by certain of our current and former professionals. Apollo Principal Holdings I, L.P. also holds 100% of the limited partner interests in Apollo Co-Investors VII (D), L.P. The general partner interest in Apollo Co-Investors VII (D), L.P. is held by Apollo Co-Investors Manager, LLC, which is solely owned by one of our managing partners. Apollo Principal Holdings I, L.P., is the sole owner of Apollo COF Investor, LLC.

(8) Apollo Principal Holdings III, L.P. holds 100% of the non-economic general partner interests in the foreign general partners set forth below its name in the chart above. It also holds between 54% and 66% (depending on the particular fund investment) of all limited partner interests in the foreign general partners set forth below its name. The remaining limited partner interests in these foreign general partners are held by certain of our current and former professionals. Apollo Principal Holdings III, L.P. also holds 100% of the limited partner interests in the foreign private equity co-invest vehicle set forth below its name in the chart above. The general partner interest in the foreign private equity co-invest vehicle is held by Apollo Co-Investors Manager, LLC, which is solely owned by one of our managing partners.

(9) Apollo Principal Holdings II, L.P. holds 100% of the non-economic general partner interests in the domestic general partners set forth below its name in the chart above. Apollo Principal Holdings II, L.P. also holds between 81% and 95% (depending on the particular fund investment) of all limited partner interests in the domestic general partners set forth below its name, except for A/A Capital Management, LLC. The remaining limited partner interests in these domestic general partners are held by certain of our current and former professionals. Apollo Principal Holdings II, L.P. is the sole owner of A/A Capital Management, LLC and the domestic capital markets co-invest vehicles set forth below its name in the chart above.

(10) Apollo Principal Holdings IV, L.P. holds 100% of the non-economic general partner interests in the domestic general partners set forth below its name in the chart above. It also holds 95% of the limited partner interests in the foreign general partners set forth below its name. The remaining limited partner interests in the foreign general partners are held by certain of our professionals. Apollo Principal Holdings IV, L.P. also holds 100% of the limited partner interests in the foreign capital markets co-invest vehicle set forth below its name in the chart above. The general partner interest in Apollo EPF Co-Investors (B), L.P. is held by Apollo EPF Administration, Limited which is solely owned by one of our managing partners. The general partner interest in Apollo AIE II Co-Investors (B), L.P. is held by Apollo Co-Investors Manager, LLC, which is solely owned by one of our managing partners.

(11) Apollo Management Holdings, L.P. holds 100% of the management companies comprising the investment advisors of all of Apollo s funds including AIC, AIE I and AAA; however, a portion of the management fees, incentive income and other fees payable to these investment advisors are allocated to certain of our current and former professionals, as described in more detail under Our Structure Reorganization Our Assets.

(12) Apollo Advisors IV, L.P. is the general partner of Fund IV, Apollo Advisors V, L.P. is the general partner of Fund V, Apollo Advisors VI, L.P. is the general partner of Fund VI, Apollo Advisors VII, L.P. is the general partner of Fund VII and Apollo Credit Opportunity Advisors, LLC is the sole general partner of COF I and COF II. Certain offshore vehicles that comprise the foregoing funds also have an administrative general partner, which is an affiliate of the foregoing general partner.

(13) Apollo Advisors V (EH Cayman), L.P. is the sole general partner of Fund V s Cayman Islands alternative investment vehicle, Apollo Advisors VI (EH), L.P. is the sole general partner of Fund VI s Cayman Islands alternative investment vehicle, Apollo Advisors VII (EH), L.P. is the sole general partner of Fund VII s Cayman Islands alternative investment vehicle and AAA Associates, L.P. is the sole general partner of AAA Investments, the limited partnership through which AAA s investments are made.

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

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

Table of Contents

Reorganization

Holding Company Structure

Apollo Global Management, LLC, through two intermediate holding companies (APO Corp. and APO Asset Co., LLC) owns 28.9% of the economic interests of, and operate and controls all of the businesses and affairs of, the Apollo Operating Group and its subsidiaries. Holdings owns the remaining 71.1% of the economic interests in the Apollo Operating Group. Apollo Global Management, LLC consolidates the financial results of the Apollo Operating Group and its consolidated subsidiaries. Holdings ownership interest in the Apollo Operating Group is reflected as a minority interest in Apollo Global Management, LLC s consolidated financial statements.

The Apollo Operating Group consists of the following partnerships: Apollo Principal Holdings I, L.P. (a Delaware limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings II, L.P. (a Delaware limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings III, L.P. (a Cayman Islands exempted limited partnership that is a partnership for U.S. Federal income tax purposes), Apollo Principal Holdings IV, L.P. (a Cayman Islands exempted limited partnership that is a partnership for U.S. Federal income tax purposes), and AMH (a Delaware limited partnership that is a partnership for U.S. Federal income tax purposes). Apollo Global Management, LLC conducts all of its material business activities through the Apollo Operating Group. Substantially all of our expenses, including substantially all expenses solely incurred by or attributable to Apollo Global Management, LLC are borne by the Apollo Operating Group; provided that obligations incurred under the tax receivable agreement by Apollo Global Management, LLC or its wholly owned subsidiaries (which currently consist of our two intermediate holding companies, APO Corp. and APO Asset Co., LLC), income tax expenses of Apollo Global Management, LLC and its wholly owned subsidiaries and indebtedness incurred by Apollo Global Management, LLC and its wholly owned subsidiaries are borne solely by Apollo Global Management, LLC and its wholly owned subsidiaries.

Each of the Apollo Operating Group partnerships holds interests in different businesses or entities organized in different jurisdictions. Apollo Principal Holdings I, L.P. holds our domestic general partners of private equity funds and certain capital markets funds and our domestic co-invest vehicles of our private equity funds and certain of our capital markets funds; Apollo Principal Holdings II, L.P. holds our domestic general partners of capital markets funds and two capital markets domestic co-invest vehicles; Apollo Principal Holdings III, L.P. holds our foreign general partners of private equity funds, including the foreign general partner of AAA Investments, and our private equity foreign co-invest vehicle; Apollo Principal Holdings IV, L.P. holds our foreign general partners of capital markets funds and two capital markets foreign co-invest vehicles; and Apollo Management Holdings, L.P. holds the management companies for our private equity funds (including AAA) and our capital markets funds.

In summary:

- Apollo Global Management, LLC is a holding company;

- Through its intermediate holding companies, Apollo Global Management, LLC, holds equity interests in, and is the sole general partner of, each of the Apollo Operating Group partnerships;

- Each of the Apollo Operating Group partnerships has an identical number of partnership units outstanding;

- Apollo Global Management, LLC holds, through wholly-owned subsidiaries, a number of Apollo Operating Group units equal to the number of Class A shares that Apollo Global Management, LLC has issued;

- The Apollo Operating Group units that are held by Apollo Global Management, LLC s wholly-owned subsidiaries are economically identical in all respects to the Apollo Operating Group units that are held by the managing partners and contributing partners through Holdings; and

Apollo Global Management, LLC conducts all of its material business activities through the Apollo Operating Group partnerships.

[Table of Contents](#)

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

- Our business is conducted through limited partnerships of which Apollo Global Management, LLC, indirectly through wholly-owned subsidiaries, is the sole general partner;

- Our managing partners and contributing partners, through Holdings, hold equity interests in these limited partnerships that are exchangeable for the Class A shares of Apollo Global Management, LLC; and

- If and when any managing partner or contributing partner, through Holdings, exchanges an Apollo Operating Group unit for a Class A share of Apollo Global Management, LLC, the relative economic ownership positions of the exchanging managing partner or contributing partner and of the other equity owners of Apollo (whether held at Apollo Global Management, LLC or at the Apollo Operating Group) will not be altered.

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

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

Our Manager

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

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

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

Our Assets

Prior to the Offering Transactions, our managing partners contributed to the Apollo Operating Group their interests in each of the entities included in our historical consolidated and combined financial statements, but excluding the excluded assets described below under Excluded Assets.

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

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

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

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

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

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

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

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

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

Table of Contents

In addition, prior to the Offering Transactions, our contributing partners contributed to the Apollo Operating Group a portion of their points. We refer to such contributed points as partner contributed interests. In return for a contribution of points, each contributing partner received an interest in Holdings. Prior to the exchange, the points held by our managing partners and contributing partners were designated relative values based upon estimated 2007 cash flows. The partnership interests in Holdings (representing an indirect ownership interest of an equivalent number of Apollo Operating Group units) that were granted to each managing partner and contributing partner, correspond to the value of the points such partner contributed relative to each other. Each contributing partner continues to own directly those points that such partner did not contribute to the Apollo Operating Group or sell to the Apollo Operating Group in connection with the Strategic Investors Transaction. Each contributing partner remained entitled (on an individual basis and not through ownership interests in Holdings) to receive payments in respect of his partner contributed interests with respect to fiscal year 2007 based on the date his partner contributed interests were contributed or sold as described below under Distributions to Our Managing Partners and Contributing Partners Related to the Reorganization. The Strategic Investors are similarly entitled to receive a pro rata portion of our net income prior to the date of the Offering Transactions for our fiscal year 2007, calculated in the same manner as for the managing partners and contributing partners, as described in more detail under Strategic Investors Transaction. In addition, we issued points in Fund VII, and intend to issue points in future funds, to our contributing partners and other of our professionals.

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

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

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

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

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

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

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

Table of Contents

Excluded Assets

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

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

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

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

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

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

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

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

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

- other miscellaneous, non-core assets.

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

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

Related group member means, with respect to each of our managing partners, (i) such managing partner s spouse, (ii) a lineal descendant of such managing partner s parents, the spouse of any such descendant or a lineal descendent of any such spouse, (iii) a charitable institution controlled by such managing partner or one of his related group members, (iv) a trustee of a trust (whether inter vivos or testamentary), all of the current beneficiaries and presumptive remaindermen of which are one or more of such managing partners and persons described in clauses (i) through (iii) of this definition, (v) a corporation, limited liability company or partnership, of which all of the outstanding shares of capital stock or interests therein are owned by one or more of such managing partners and persons described in clauses (i) through (iv) of this definition, (vi) an individual mandated under a qualified domestic relations order, or (vii) a legal or personal representative of such managing partner in

Table of Contents

the event of his death or disability; for purposes of this definition, (x) lineal descendants shall not include individuals adopted after attaining the age of 18 years and such adopted person s descendants, (y) presumptive remaindermen shall refer to those persons entitled to a share of a trust s assets if it were then to terminate, and (z) no managing partner shall ever be deemed a related group member of another managing partner.

Equity Interests Retained by Our Managing Partners and Contributing Partners

Our managing partners, through their interests in Holdings, own 62.0% of the Apollo Operating Group units and, through their ownership of BRH, the Class B share that we have issued to BRH. The Agreement Among Managing Partners provides that each managing partner s interest in the Apollo Operating Group units that he holds indirectly through his partnership interest in Holdings is subject to vesting. Each of Messrs. Harris and Rowan vests in his interest in the Apollo Operating Group units in 60 equal monthly installments, and Mr. Black vests in his interest in the Apollo Operating Group units and in 72 equal monthly installments. Although the Agreement Among Managing Partners was entered into on July 13, 2007, for purposes of its vesting provisions, our managing partners are credited for their employment with us since January 1, 2007. In the event that a managing partner terminates his employment with us for any reason, he will be required to forfeit the unvested portion of his Apollo Operating Group units to the other managing partners. The number of Apollo Operating Group units that must be forfeited upon termination depends on the cause of the termination. See Certain Relationships and Related Party Transactions Agreement Among Managing Partners. However, this agreement may be amended and the terms and conditions of the agreement may be changed or modified upon the unanimous approval of the managing partners. We, our shareholders (other than our Strategic Investors, as set forth under Certain Relationships and Related Party Transactions Lenders Rights Agreement Amendments to Managing Partner Transfer Restrictions) and the Apollo Operating Group have no ability to enforce any provision of this agreement or to prevent the managing partners from amending the agreement or waiving any of its obligations.

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

Our contributing partners, through their interests in Holdings, own 9.1% of the Apollo Operating Group units. Pursuant to the Roll-Up Agreements, no contributing partner may voluntarily effect transfers of his Equity Interests for a period of two years after the shelf effectiveness date. The transfer restrictions applicable to Equity Interests held by our contributing partners are described in more detail under Certain Relationships and Related Party Transactions Roll-Up Agreements.

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

Operating Group entity, for each Class A share received. As a managing partner or contributing partner exchanges his Apollo Operating Group units, our interest in the Apollo Operating Group units will be correspondingly increased and the voting power of the Class B share will be correspondingly decreased. If and when any managing partner or contributing partner, through Holdings, exchanges an Apollo Operating Group unit for a Class A share of Apollo Global Management, LLC, the relative economic ownership positions of the exchanging managing partner or contributing partner and of the other equity owners of Apollo (whether held at Apollo Global Management, LLC or at the Apollo Operating Group) will not be altered.

Deconsolidation of Apollo Funds

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

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

Distribution to Our Managing Partners Prior to the Offering Transactions

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

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

We intend to make 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 July 13, 2007. For this purpose, income attributable to carried interest on private equity funds related to either carry-generating transactions that closed prior to July 13, 2007 or carry-generating transactions in respect of which a definitive agreement was executed, but that did not close, prior to July 13, 2007 shall be treated as having been earned prior to that date. Undistributed earnings generated through the date of Reorganization that were payable to the managing partners and contributing partners were approximately $193.0 million (see Capitalization Footnote (1)) and $387.0 million, and were included in our consolidated and combined statements of financial condition as of March 31, 2008 and December 31, 2007, respectively. In addition, we have also entered into a Tax Receivable Agreement with our managing partners and contributing partners which requires us to pay them 85% of any tax savings received by APO Corp. from our step-up in tax basis. In our condensed and consolidated financial statements, the item Due to Affiliates includes $520.3 million payable to our managing partners and contributing partners in connection with the Tax Receivable Agreement as of March 31, 2008 and December 31, 2007.

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

Apollo Operating Group units having a fair value on issuance date of approximately $5.6 billion (subject to five or six year forfeiture);

$1,224 million in cash in July 2007, excluding any potential contingent consideration;

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

The fair value of carried interest related to the sale of portfolio companies where definitive sales contracts were executed but had not closed at July 13, 2007. We have accrued an estimated payment of approximately $193.0 million (see Capitalization Footnote 1(a)) and $387.0 million at March 31, 2008 and December 31, 2007, respectively.

Strategic Investors Transaction

On July 13, 2007, we sold securities to the Strategic Investors in return for a total investment of $1.2 billion. The Strategic Investors are two of the largest alternative asset investors in the world and have been significant investors with us in multiple funds, covering a variety of strategies. In total, from our inception through the date hereof, the Strategic Investors have invested or committed to invest approximately $6.4 billion of capital in us and our funds. The Strategic Investors are significant supporters of our integrated platform, having invested in multiple private equity and capital markets funds. With substantial combined assets, we believe the Strategic Investors will be an important source of future growth in the AUM in our existing and future funds for many years, as well as in new products and geographic expansions. Although they have no obligation to invest further in our funds, in connection with our sale of securities to the Strategic Investors, we granted to each of them the option, exercisable until July 13, 2010, to invest or commit to invest up to 10% of the aggregate dollar amount invested or committed by investors in the initial closing of any privately placed fund that we offer to third party investors, subject to limited exceptions.

Through our intermediate holding companies, we used all of the proceeds from the issuance of the securities to the Strategic Investors to purchase from our managing partners 17.4% of their Apollo Operating Group units for an aggregate purchase price of $1,068 million, and to purchase from our contributing partners a portion of their points for an aggregate purchase price of $156.4 million, excluding any potential contingent consideration. Upon completion of the Offering Transactions, the securities sold to the Strategic Investors converted into non-voting Class A shares, which currently represents 61.6% of our issued and outstanding Class A shares and 17.8% of the economic interest in the Apollo Operating Group. Based on our agreement with the Strategic Investors, we will distribute to the Strategic Investors the greater of 7% on the convertible notes issued or a pro rata portion of our net income for our fiscal year 2007, based on (i) their proportionate interests in Apollo Operating Group units during the period after the Strategic Investors Transaction and prior to the date of the Offering Transactions, and (ii) the number of days elapsed during such period. For this purpose, income attributable to carried interest on private equity funds related to either carry-generating transactions that closed prior to the date of the Offering Transactions or carry-generating transactions in respect of which a definitive agreement was executed, but that did not close, prior to the date of the Offering Transactions shall be treated as having been earned prior to the date of the Offering Transactions. On August 8, 2007, we paid approximately $6 million in interest expense on the convertible notes and as a result of our net loss we have no further obligations for 2007 to pay the Strategic Investors.

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

Tax Considerations

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

Legislation was introduced in Congress in mid-2007 that would, if enacted in its present form, cause Apollo Global Management, LLC to become taxable as a corporation, which would substantially reduce our net income or increase our net loss, as applicable, or cause other significant adverse tax consequences for us and/or the holders of Class A shares. See Risk Factors Risks Related to Taxation The U.S. Federal income tax law that determines the tax consequences of an investment in Class A shares is under review and is potentially subject to adverse legislative, judicial or administrative change, possibly on a retroactive basis, including possible changes that would result in the treatment of our long-term capital gains as ordinary income, that would cause us to become taxable as a corporation and/or have other adverse effects and Risk Factors Risks Related to Our Organization and Structure Members of the U.S. Congress have introduced legislation that would, if enacted, preclude us from qualifying for treatment as a partnership for U.S. Federal income tax purposes under the publicly traded partnership rules. If this or any similar legislation or regulation were to be enacted and apply to us, we would incur a substantial increase in our tax liability and it could well result in a reduction in the value of our Class A shares and Material Tax Considerations Material U.S. Federal Tax Considerations Administrative Matters Possible New Legislation or Administrative or Judicial Action.

Offering Transactions

The CS Investor purchased from us in a private placement that closed on August 8, 2007, concurrently with the Rule 144A Offering an aggregate of $180 million of the Class A shares at a price per share equal to $24, or 7,500,000 Class A shares, representing 7.7% of the total number of our Class A shares outstanding.

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

Amounts contributed to the Apollo Operating Group concurrently with the Offering Transactions diluted (i) the percentage ownership interests of our managing partners (held indirectly through Holdings) in those entities by 7.7% to 62.0%, and (ii) the percentage ownership interests of our contributing partners (held indirectly through Holdings) in those entities by 1.1% to 9.1%. The relative percentage ownership interests in Apollo Operating Group held by the Apollo Global Management, LLC, our managing partners and our contributing partners will continue to change over time. Potential future events that would result in a relative increase in the number of Apollo Operating

Table of Contents

Group units held by Apollo Global Management, LLC, and result in a corresponding dilution of our managing partners and contributing partners percentage ownership interest in the Apollo Operating Group include (i) issuances of Class A shares (assuming that the proceeds of any such issuance is contributed to the Apollo Operating Group), (ii) the conversion by our managing partners or contributing partners of their Apollo Operating Group units for Class A shares and (iii) any offers, from time to time, at the discretion of our manager, to purchase from our managing partners and contributing partners their Apollo Operating Group units.

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

- Apollo Global Management, LLC, through its wholly-owned subsidiaries, holds 28.9% of the outstanding Apollo Operating Group units;

- our managing partners, through Holdings, hold 62.0% of the outstanding Apollo Operating Group units;

- our contributing partners, through Holdings, hold 9.1% of the outstanding Apollo Operating Group units;

- the Strategic Investors own 60,000,001 of our non-voting Class A shares representing 61.6% of our Class A shares outstanding, which represent 17.8% of the economic interests in the Apollo Operating Group units;

- the investors in the Rule 144A Offering and the CS Investor hold 37,324,540 Class A shares, representing 38.4% of our Class A shares outstanding, which represent 11.1% of the economic interests in the Apollo Operating Group units;

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

- on those few matters that may be submitted for a vote of the shareholders of Apollo Global Management, LLC, our Class A shareholders (other than the Strategic Investors) collectively have 13.5% of the voting power of, and our Class B shareholder have 86.5% of the voting power of, Apollo Global Management, LLC;

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

- net profits, net losses and distributions of the Apollo Operating Group are allocated and made to its partners on a pro rata basis in accordance with their respective Apollo Operating Group units; accordingly, net profits and net losses allocable to Apollo Operating Group partners will initially be allocated, and distributions will initially be made, approximately 28.9% indirectly to us, approximately 62.0% indirectly to our managing partners and approximately 9.1% indirectly to our contributing partners.

Table of Contents

USE OF PROCEEDS

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

Table of Contents

CASH DIVIDEND POLICY

Dividend Policy for Class A Shares

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

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

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

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

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

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

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

Table of Contents

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

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

The Apollo Operating Group intends to make periodic distributions to its partners (that is, Holdings and our intermediate holding companies) in amounts sufficient to cover hypothetical income tax obligations attributable to allocations of taxable income resulting from their ownership interest in the various limited partnerships making up the Apollo Operating Group, subject to compliance with any financial covenants or other obligations. Tax distributions will be calculated assuming each shareholder was subject to the maximum (corporate or individual, whichever is higher) combined U.S. Federal, New York State and New York City tax rates, without regard to whether any shareholder was subject to income tax liability at those rates. Because tax distributions to partners are made without regard to their particular tax situation, tax distributions to all partners, including our intermediate holding companies, will be increased to reflect the disproportionate income allocation to our managing partners and contributing partners with respect to built-in gain assets at the time of the Offering Transactions. Tax distributions will be made only to the extent all distributions from the Apollo Operating Group for such year are insufficient to cover such tax liabilities and all such distributions will be made to all partners on a pro rata basis based upon their respective interests in the applicable partnership. No such tax distribution will necessarily be required to be distributed by us and there can be no assurance that we will pay cash dividends on the Class A shares in an amount sufficient to cover any tax liability arising from the ownership of Class A shares.

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

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

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

Table of Contents

Distributions to Our Managing Partners and Contributing Partners

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

We intend to make 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 July 13, 2007. For this purpose, income attributable to carried interest on private equity funds related to either carry-generating transactions that closed prior to July 13, 2007 or carry-generating transactions in respect of which a definitive agreement was executed, but that did not close, prior to July 13, 2007 shall be treated as having been earned prior to that date. Undistributed earnings generated through the date of Reorganization that were payable to managing partners and contributing partners were approximately $193.0 million (see Capitalization Footnote (1)) and $387.0 million, which were included in our consolidated and combined statements of financial condition as of March 31, 2008 and December 31, 2007, respectively. In addition, we have also entered into a Tax Receivable Agreement with our managing partners and contributing partners which requires us to pay them 85% of any tax savings received by APO Corp. from our step-up in tax basis. In our condensed and consolidated financial statements, the item Due to Affiliates includes $520.3 million payable to our managing partners and contributing partners in connection with the Tax Receivable Agreement as of March 31, 2008 and December 31, 2007.

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

- Apollo Operating Group units having a fair value on issuance date of approximately $5.6 billion (subject to five or six year forfeiture);

- $1,224 million in cash in July 2007, excluding any potential contingent consideration;

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

- The fair value of carried interest related to the sale of portfolio companies where definitive sales contracts were executed but had not closed at July 13, 2007. We have accrued an estimated payment of approximately $193.0 million (see Capitalization Footnote (1)) and $387.0 million at March 31, 2008 and December 31, 2007, respectively.

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

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization and cash and cash equivalents as of March 31, 2008.

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

	As of March 31, 2008(1) (in thousands)
Cash and cash equivalents	$ 898,106
Total Debt	$ 1,056,406
Non-Controlling Interest	2,073,693
Shareholders equity	80,503
Total Capitalization	$ 3,210,602

(1) We distributed or will distribute the following subsequent to March 31, 2008 to our managing partners and contributing partners:

On April 18, 2008, a $111.3 million aggregate distribution was paid to the owners of the Apollo Operating Group. Of this amount, $79.1 million was paid to Holdings, which is owned by the managing and contributing partners, and $32.2 million was paid to the Class A shareholders.

On July 15, 2008, a $77.6 million aggregate distribution was declared to the owners of the Apollo Operating Group. Of this amount, $55.2 million was paid to Holdings, and $22.4 million was paid to the Class A shareholders.

Approximately $193.0 million related to transactions entered into prior to July 13, 2007 but not consummated as of such date, the majority of which relates to a pending transaction with respect to Hexion, which transaction is contingent upon the close of the merger of Huntsman with Hexion, a portfolio company of Funds IV and V. On June 18, 2008, the company and certain of its affiliates, including Hexion, commenced legal action in Delaware to declare Hexion s contractual rights with respect to the Merger Agreement among Hexion, Nimbus Merger Sub, Inc. and Huntsman. The suit alleges, among other things, that consummating the merger on the basis of the capital structure agreed to with Huntsman would render the combined company insolvent. The suit also alleges that in light of the substantial deterioration in Huntsman s financial performance, the increase in its net debt and the expectation that the material downturn in Huntsman s business that has occurred will continue for a significant period of time, Huntsman has suffered a material adverse effect as defined in the Merger Agreement. The suit further seeks a declaration that the company and certain of its affiliates have no liability to Huntsman in connection with the merger. See Business Legal Proceedings.

Table of Contents

UNAUDITED CONDENSED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

Overview

The following unaudited condensed consolidated pro forma statement of operations for the year ended December 31, 2007 is based upon our historical consolidated and combined financial statements included elsewhere in this prospectus. In addition, the following pro forma measure of Economic Net Income (ENI) for the year ended December 31, 2007 represents a supplemental financial measure used by management to assess financial performance. ENI is based upon non-GAAP financial measures and is defined elsewhere in this prospectus. This unaudited condensed consolidated pro forma statement of operations and the non-GAAP supplemental financial measure present our consolidated and combined results of operations giving pro forma effect to the transactions specified below as if such transactions had been completed as of January 1, 2007. The pro forma adjustments are based on available information and upon assumptions that our management believes are reasonable in order to reflect, on a pro forma basis, the impact of these transactions on the historical consolidated and combined financial information for 2007. The adjustments are described below, and then further in the notes to the unaudited condensed consolidated pro forma statement of operations.

No pro forma information is presented for the three months ended March 31, 2008 as all Reorganization and deconsolidated adjustments had occurred prior to January 1, 2008.

The unaudited condensed consolidated pro forma financial information should be read together with Our Structure, Management s Discussion and Analysis of Financial Condition and Results of Operations and our audited historical consolidated and combined financial statements and related notes included elsewhere in this prospectus.

Apollo Management Holdings Credit Facility

On April 20, 2007, Apollo Management Holdings, L.P., one of the entities in the Apollo Operating Group, entered into the AMH credit facility, under which AMH borrowed a $1.0 billion variable-rate term loan. We used these borrowings to make a $986.6 million distribution to our managing partners and to pay related fees and expenses. The Apollo Management Holdings, L.P. credit facility is guaranteed by Apollo Management, L.P.; Apollo Capital Management, L.P.; Apollo International Management, L.P.; Apollo Principal Holdings II, L.P.; Apollo Principal Holdings IV, L.P.; and AAA Holdings, L.P. and matures on April 20, 2014. The pro forma adjustment in the column labeled *Borrowing Under AMH Credit Facility* gives effect to the increase in interest expense, without consideration of any hedging, resulting from our entering into the AMH credit facility, as if the transaction occurred on January 1, 2007.

Our Reorganization

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

Apollo s business was historically conducted through a large number of entities as to which there was no single holding entity but which were separately owned by the managing partners and others (Predecessor Owners), and controlled by the managing partners. In order to facilitate the Offering Transactions as described in further detail below, the Predecessor Owners completed the Reorganization as of the close of business on July 13, 2007 whereby, except for Apollo Advisors (Apollo Advisors) and Apollo Advisors II, L.P. (Apollo Advisors II), each of the operating entities and the intellectual property rights associated with the Apollo name, were contributed (Contributed Businesses) to the five newly-formed holding partnerships (Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings III, L.P., Apollo Management Holdings, L.P. and Apollo Principal Holdings IV, L.P. which was formed subsequent to July 13, 2007) that comprise the Apollo Operating Group.

Table of Contents

Apollo currently owns, after completion of the transactions described below, through two intermediate holding companies (APO Corp., a Delaware corporation that is a domestic corporation for U.S. Federal income tax purposes, and APO Asset Co., LLC, a Delaware limited liability company that is a disregarded entity for U.S. Federal income tax purposes) (collectively, the Intermediate Holding Companies), 28.9% of the economic interests of, and operates and controls all of the businesses and affairs of, the Apollo Operating Group as general partners. Holdings is the entity through which our managing partners and other contributing partners hold the remaining Apollo Operating Group units. Holdings owns the remaining 71.1% of the economic interests in the Apollo Operating Group. The company consolidates the financial results of the Apollo Operating Group and its consolidated subsidiaries. Holdings ownership interest in the Apollo Operating Group is reflected as a Non-Controlling Interest in our historical consolidated and combined financial statements. The pro forma adjustments in the column labeled *Reorganization and Other Adjustments* give effect to (i) amortization of Apollo Operating Group units, (ii) a reduction in profit sharing based on reduced points for the contributing partners and (iii) other related transactions.

Purchase Accounting

The Reorganization was accounted for as an exchange of entities under common control for the interests in the Contributed Businesses, which were contributed by the managing partners. The acquisition of Non-Controlling Interests from the contributing partners was accounted for using the purchase method of accounting pursuant to Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations* (SFAS No. 141). The pro forma adjustment in the column labeled *Reorganization and Other Adjustments* give effect to the purchase of interests from the contributing partners and the amortization of the intangible assets.

Deconsolidation of Funds

Certain of our private equity funds and capital markets funds have historically been consolidated into our financial statements, due to our controlling interest in certain funds notwithstanding that we have only a minority equity interest in these funds. Consequently, our pre-Reorganization financial statements do not reflect our ownership interest at fair value in these funds, but rather reflect on a gross basis the assets, liabilities, revenues, expenses and cash flows of our funds. We amended the governing documents of most of our funds to provide that a simple majority of the funds unaffiliated investors have the right to liquidate that fund. These amendments, which became effective on either August 1, 2007 or November 30, 2007, deconsolidated these funds that have historically been consolidated in our financial statements. Accordingly, we no longer reflect the share that other parties own in total assets and Non-Controlling Interest in these respective funds. The deconsolidation of these funds will present our financial statements in a manner consistent with how Apollo evaluates its business and the related risks. Accordingly, we believe that deconsolidating these funds will provide investors with a better understanding of our business. As a listed vehicle, AAA is able to access the public markets to raise additional capital. Through its relationship with AAA, Apollo is able to access AAA s capital to seed new strategies in advance of a lengthy third party fundraising process. As a result, Apollo has not granted voting rights to the AAA limited partners to allow them to liquidate this entity, and therefore Apollo, for accounting purposes, will continue to control this entity. The pro forma adjustment in the column labeled *Deconsolidation of Funds* gives effect to the deconsolidation of the funds which were deconsolidated on either August 1, 2007 or November 30, 2007, as if they were deconsolidated as of January 1, 2007.

Deconsolidation of Gulfstream G-IV (G-IV)

On July 31, 2007, certain management companies within Apollo Management Holdings, L.P. transferred their indirect interests in a corporate aircraft, a G-IV, to a group of Apollo Non-Controlling Interest holders, which was treated as a distribution to such Non-Controlling Interest holders. Simultaneously with the transfer, such management companies were released from their obligations as guarantors of the loan used to finance the purchase of the G-IV. The transfer of the indirect interests and release as guarantors resulted in deconsolidation of the trust that owns the corporate aircraft. The pro forma adjustments in the column labeled *Reorganization and Other Adjustments* include the deconsolidation of a trust, which holds the G-IV Aircraft.

Table of Contents

Earnings Per Share

On August 8, 2007, we sold 34,500,000 Class A shares to the initial purchasers in connection with the Offering Transactions, which also triggered the issuance of 60,000,001 Class A shares to the Strategic Investors as a result of the conversion of the notes. On August 31, 2007, the initial purchasers exercised their over-allotment option to purchase additional shares, which closed on September 5, 2007 and resulted in the issuance of 2,824,540 additional Class A shares to the initial purchasers.

Pro Forma Adjustments

The pro forma adjustments in *Reorganization and Other Adjustments* give effect to:

- the effects of the compensation arrangements made in connection with the Offering Transactions, including adjustments to compensation expense as a result of (i) the granting of equity-based compensation to certain executives; (ii) the reduction of the contributing partners points in the underlying entities held by the Apollo Operating Group; and (iii) the recharacterization of contributing partners to employees in connection with the Reorganization;

- the elimination of expenses including interest, depreciation, professional fees, and general administrative and other expenses relating to one of the corporate aircraft as a result of the Reorganization;

- additional amortization expense incurred in connection with the intangible assets recognized as a result of the Reorganization;

- the tax-related effects of our Reorganization, including (i) the provision for corporate income taxes on the income of APO Corp., our wholly-owned subsidiary that is taxable as a corporation for U.S. Federal income tax purposes, and (ii) the tax effects related to the pro forma adjustments presented in the column labeled *Borrowing Under AMH Credit Facility*; and

- exclusion of Apollo Advisors and Advisors II along with their respective consolidated funds, as if they were excluded on January 1, 2007. These entities were historically combined for the periods prior to the effective date of the Reorganization on July 13, 2007.

We have taken the necessary steps to amend the governing documents of our funds that have historically been consolidated to provide that a simple majority of each such fund s unaffiliated investors have the right, without cause, to liquidate that fund in accordance with certain procedures. The granting of these rights resulted in the deconsolidation of such funds from our consolidated and combined financial statements. The deconsolidation of these funds only affected the manner in which we account for these funds, which is to reflect our share of the funds net assets and liabilities and our share of the funds net earnings; this accounting treatment affects neither our consolidated equity nor net income or loss. The following describes the significant effects of the pro forma adjustment related to the deconsolidation of funds on our historical consolidated and combined financial statements:

- Management fees and incentive income earned as well as the carried interest income and equity basis investment income from these funds are included in our statement of operations rather than eliminated in consolidation.

- We no longer record gross expenses and other income of the deconsolidated funds. Accordingly, we no longer record the Non-Controlling Interests share of these funds net income.

The unaudited condensed consolidated pro forma financial information is included for informational purposes only and does not purport to reflect our results of operations that would have occurred had the transactions referenced above occurred on January 1, 2007. The unaudited condensed consolidated pro forma financial information also does not project our results of operations for any future period.

Table of Contents

Unaudited Condensed Consolidated Pro Forma Statement of Operations

Year Ended December 31, 2007

(dollars in thousands, except per share data)

	Historical	Deconsolidation of Funds[1]	Subtotal	Borrowing Under AMH Credit Facility[2]	Reorganization and Other Adjustments[3]	Pro Forma
Revenues:						
Advisory and transaction fees from affiliates	$ 150,191	$ (59,589)	$ 90,602	$	$	$ 90,602
Management fees from affiliates	192,934	56,490	249,424			249,424
Carried interest income from affiliates	294,725	443,663	738,388			738,388
Total Revenues	637,850	440,564	1,078,414			1,078,414
Expenses:						
Compensation and benefits	1,450,330		1,450,330		37,836(a)	1,488,166
Interest expense beneficial conversion feature	240,000		240,000			240,000
Interest expense	105,968	(2,741)	103,227	20,765	(499)(b)	123,493
Professional fees	81,824	(7,900)	73,924		(502)(b)(d)	73,422
General, administrative and other	36,618	(2,016)	34,602		(2,244)(b)(d)	32,358
Placement fees	27,253		27,253			27,253
Occupancy	12,865		12,865		(89)(b)	12,776
Depreciation and amortization	7,869		7,869		4,622 (c)	12,491
Total Expenses	1,962,727	(12,657)	1,950,070	20,765	39,124	2,009,959
Other Income:						
Net gains from investment activities	2,279,263	(2,046,529)	232,734		5,382 (d)	238,116
Dividend income from affiliates	238,609	(238,609)				
Interest income	52,500	(32,299)	20,201		(973)(d)	19,228
Income from equity method investments	1,722	2,659	4,381			4,381
Other loss	(36)		(36)			(36)
Total Other Income	2,572,058	(2,314,778)	257,280		4,409	261,689
Income (Loss) before income tax provision and Non-Controlling Interest	1,247,181	(1,861,557)	(614,376)	(20,765)	(34,715)	(669,856)
Income tax provision	(6,726)		(6,726)		(2,353)(e)	(9,079)
Income (Loss) before Non-Controlling Interest	1,240,455	(1,861,557)	(621,102)	(20,765)	(37,068)	(678,935)
Non-Controlling Interest	(1,810,106)	1,861,557	51,451		357,325(f)	408,776(3)(f)
Net loss	$ (569,651)	$	$ (569,651)	$ (20,765)	$ 320,257	$ (270,159)

	July 13, 2007 through December 31, 2007[4]	January 1, 2007 through December 31, 2007[4]
Net loss per Class A share:		
	$ (962,107)	$ (270,159)

Net loss available to Class A shareholders				
Net loss per Class A share Basic and Diluted	$	(11.71)	$	(2.78)
Number of Class A shares Basic and Diluted		82,152,883		97,324,541

See Notes to Unaudited Condensed Consolidated Pro Forma Statement of Operations

Table of Contents

Notes to Unaudited Condensed Consolidated Pro Forma Statement of Operations

(dollars in thousands, except per share data)

1. Deconsolidation of Funds

With the exception of AAA, which we continue to include in our consolidated and combined financial statements, we have taken the necessary steps to amend the governing documents of the consolidated funds to provide that a simple majority of each such fund s unaffiliated investors have the right, without cause, to liquidate that fund in accordance with certain procedures. These changes led to the deconsolidation of such investment funds from our consolidated and combined financial statements on either August 1, 2007 or November 30, 2007. This column reflects the deconsolidation of such funds as if it had occurred as of January 1, 2007.

Because the portion of the interests of the limited partner investor, Non-Controlling Interest will be eliminated in connection with the deconsolidation of these investment funds, such deconsolidation does not impact our net loss. The adjustment reflects the elimination of the historical amounts of (i) other income of the funds, comprised principally of net gains from investment activities, and (ii) expenses of the funds which will no longer be consolidated. In addition, the management fee and incentive income as well as the carried interest income and equity basis investment income, which had been previously eliminated in consolidation of our historical financial statements, are restored for purposes of the pro forma presentation.

2. Borrowing Under AMH Credit Facility

Our April 20, 2007, $1.0 billion borrowing under the AMH credit facility bears interest at three-month LIBOR, plus 1.50%. The LIBOR rate applied to our term loan borrowing resets on a quarterly basis. As of December 31, 2007, we have incurred $47.9 million in interest expense in connection with AMH credit facility. On a pro forma basis, we estimate interest expense for the year of $68.7 million assuming the borrowing had occurred on January 1, 2007. Therefore, an interest expense adjustment of $20.8 million was recorded in the pro forma statement of operations based on actual rates, as if the agreement was in place as of January 1, 2007. For every 1/8% change in the interest rate applied, the pro forma interest expense adjustment would change by approximately $1.3 million.

3. Reorganization and Other Adjustments

(a) The pro forma adjustment includes (i) incremental amortization expense associated with the Apollo Operating Group units granted to the contributing partners to give effect of the units granted in July 2007 as if they were granted on January 1, 2007 in the amount of $49.6 million, (ii) a decrease to profit sharing expense based on a reduction in points for the contributing partners of $30.1 million, (iii) an increase in compensation expense attributable to the recharacterization of contributing partners to employees in conjunction with our Reorganization of $18.6 million, and (iv) a net decrease to compensation expense associated with the Reorganization in the amount of $0.2 million related to the impact of deconsolidation of the G-IV of ($0.9) million and the effect of excluded assets of $0.7 million. Note that there is no pro forma effect of the Apollo Operating Group units granted to the managing partners as they were granted with a service inception date of January 1, 2007 and a full year of amortization expense is already reflected in the historical financial information. As a result, the historical financial statements prior to pro-forma adjustments reflect a full year impact of expense related to their Apollo Operating Group grants. Therefore, no pro-forma adjustments are required for the Apollo Operating Group units granted to the managing partners for the year ended December 31, 2007.

The following table summarizes the adjustments and net impact.

	Year Ended December 31, 2007
Apollo Operating Group units pro forma incremental amortization	$ 49,568
Reduced profit sharing plan participation	(30,126)
Recharacterization of Contributing Partners as employees	18,607
Other	(213)
Total compensation expense	$ 37,836

89

Table of Contents

(b) Reflects the elimination of expenses incurred up to the date of the Reorganization associated with the corporate aircraft. These expenses were incurred prior to the Reorganization and presented in our consolidated and combined historical financial statements for the year ended December 31, 2007. The net effect of the deconsolidation of the aircraft was a reduction in expenses by $2.6 million. The company will continue to incur aircraft expenses on an as needed basis and will utilize rental aircraft as a result.

(c) Reflects the impact of the finite-life intangible assets related to the contractual right to future fee income from management and advisory services and the contractual right to earn future carried interest from the private equity and capital markets funds estimated to be $100.3 million. For the year ended December 31, 2007, we recorded in our historical consolidated and combined financial statements approximately $4.7 million in amortization expense. On an annual basis we expect to incur approximately $9.9 million, resulting in a pro forma adjustment of approximately $5.2 million. Additionally, the adjustment includes a decrease to depreciation associated with the corporate aircraft in the amount of $0.6 million, resulting in a total pro forma adjustment of $4.6 million.

(d) Reflects the net impact of the excluded assets of Apollo Advisors, Apollo Advisors II and Funds I, II and III. These entities were historically combined for the periods prior to the effective date of the Reorganization on July 13, 2007. The pro forma adjustment was to exclude these entities as if the Reorganization was effective on January 1, 2007.

(e) Apollo historically operated as a group of partnerships and disregarded entities for U.S. Federal income tax purposes and primarily as a corporate entity in non-U.S. jurisdictions. Accordingly, income tax provisions shown in our historical consolidated and combined statements of operations of $6.7 million primarily consisted of the New York City Unincorporated Business Tax (UBT). Several entities will continue to be subject to UBT and non-U.S. entities will be subject to corporate income taxes in jurisdictions in which they operate.

Following the Reorganization, the Apollo Operating Group and its subsidiaries continue to operate in the U.S. as partnerships for U.S. Federal income tax purposes and generally as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases continue to be subject to New York City unincorporated business tax, or in the case of non-U.S. entities, to non-U.S. corporate income taxes. In addition, the company became subject to U.S. corporate Federal income tax through its corporate subsidiary APO Corp.

In calculating the pro forma income tax provision, the pro forma income tax expense adjustment reflects the additional tax expenses assuming that the entities subject to U.S. Federal and state income taxes commencing on the date of the Reorganization had become subject to U.S. Federal and state income taxes commencing on January 1, 2007. The blended statutory rate reflects statutory rate of 35% for federal taxes and the state blended rate (net of federal benefit) of 3%. The state rate reflects a reduced rate of tax on portfolio income.

(f) Includes our allocation of a portion of the pro forma loss before income tax provision to Holdings, the entity that became a Non-Controlling Interest holder in the Apollo Operating Group once we became the beneficial owner of the general partner interests thereof. Although we would generally not allocate losses to Non-Controlling Interest resulting in a balance below zero, our pro forma loss before income tax provision and Non-Controlling Interest of $669.9 million for the year ended December 31, 2007, includes equity-based compensation expense with respect to which there is a corresponding paid-in capital and Non-Controlling Interest contribution. Since we allocate equity-based compensation expense between our controlling and Non-Controlling Interest to the extent of the corresponding contribution and the remaining income is positive for the periods presented, this income was proportionately allocated to Non-Controlling Interest holders. In addition, the adjustment includes our allocation of a portion of the pro forma loss after income tax provision to a Non-Controlling Interest holder in certain of our capital markets entities, the impact of excluded assets and the deconsolidation of the G-IV. The pro forma Non-Controlling Interest of Holdings is based on the pro forma loss before income tax provision and Non-Controlling Interest of $669.9 million, increased for the pro forma Non-Controlling Interest of Other Entities of $235.1 million for a total pro forma loss before income tax

Table of Contents

provision and after the Non-Controlling Interest of Other Entities of $905.0 million. The pro forma Non-Controlling Interest of Holdings is calculated by applying its ownership percentage of 71.1% to this amount which results in a pro forma Non-Controlling Interest of Holdings of $643.9 million.

Pro forma adjustments to Non-Controlling Interest include the following:

	Year Ended December 31, 2007
Non-Controlling Interest A.P. Professional Holdings Pro Forma	$ 643,876
Less: Non-Controlling Interest A.P. Professional Holdings Historical	(278,549)
Non-Controlling Interest A.P. Professional Holdings Pro Forma Adjustment	365,327
Non-Controlling Interest Contributing partners interests in private equity and capital markets management companies	(2,855)
Non-Controlling Interest Exclusion of Apollo Advisors, Advisors II and Fund I, II, and III	(3,839)
Non-Controlling Interest Deconsolidation of G-IV	(1,308)
Total pro forma adjustments	$ 357,325

Final allocation of our pro forma loss before income tax provision and Non-Controlling Interest to Non-Controlling Interest holders in our consolidated subsidiaries includes the following:

	Year Ended December 31, 2007
Non-Controlling Interest A.P. Professional Holdings[(1)]	$ 643,876
Non-Controlling Interest Other Entities:	
AP Alternative Assets[(2)]	(226,569)
Capital Market Entities[(3)]	(8,936)
Other Entity[(4)]	405
	$ 408,776

(1) Reflects the Non-Controlling Interest in the loss of the consolidated entities relating to the Holdings units held by our managing partners and contributing partners after the Offering Transactions. The pro forma Non-Controlling Interest of Holdings is based on the pro forma loss before income tax provision and Non-Controlling Interest of $669.9 million, increased for the pro forma Non-Controlling Interest of Other Entities of $235.1 million for a total of pro forma loss before income tax provision and after the Non-Controlling Interest of Other Entities of $905.0 million. The pro forma Non-Controlling Interest of Holdings is calculated by applying its ownership percentage of 71.1% to this amount which results in a pro forma Non-Controlling Interest of Holdings of $643.9 million.

(2) Reflects the Non-Controlling Interest in the profits of AP Alternative Assets.

(3) Reflects the remaining interests held by Non-Controlling Interest in the net earnings of certain of our capital market entities.

(4) Reflects the interests owned by unaffiliated parties in the Aircraft Trust.

4. Determination of Earnings per Share

The Apollo Global Management, LLC pro forma earnings per share assume that the Apollo Operating Group units held by Holdings immediately following the Reorganization and the Offering Transactions and additional Class A shares as a result of the exercise of the over-allotment option were outstanding from January 1, 2007.

Table of Contents

Basic and diluted earnings per share are calculated as follows:

	July 13, 2007 - December 31, 2007 Historical (after Reorganization)	Year Ended December 31, 2007 Pro forma
Basic and diluted net loss per Class A share		
Net loss available to the Apollo Global Management, LLC shareholders	$ (962,107)	$ (270,159)
Net loss per Class A share	$ (11.71)	$ (2.78)
Weighted average number of Class A shares outstanding	82,152,883	97,324,541

5. Pro Forma Economic Net Income

Economic Net Income (ENI) is a key performance measure used by management in making operating decisions and evaluating the performance of our businesses and employees. ENI is a measure of profitability and represents segment income (loss) which excludes the impact of non-cash charges related to equity-based compensation, income taxes and Non-Controlling Interest.

Below is a reconciliation of Apollo Global Management, LLC s pro forma net loss to pro forma ENI:

			Year Ended December 31, 2007
Pro forma net loss			$ (270,159)
(i)	Income tax provision		
		Historical	6,726
		Pro forma	2,353
(ii)	Adjustment for the impact of non-cash charges related to equity-based compensation(1)		1,039,417
(iii)	Non-Controlling Interest(2)		
		Historical	(274,078)
		Pro forma	(361,268)
Pro forma Economic Net Income(3)			$ 142,991

(1)	(a)	Issuance of Apollo Operating Group units to contributing partners	
		Historical	$ 49,568
		Pro forma	49,568
	(b)	Agreement Among Managing Partners Historical	931,145
	(c)	Issuance of Apollo Global Management, LLC restricted shares units to employees Historical	5,267
	(d)	Issuance of AP Alternative Assets restricted depositary units Historical	3,869
		Total	$ 1,039,417

(2) Economic Net Income adjusts for Non-Controlling Interest related to Holdings, contributing partners interests retained in management companies and Non-Controlling Interest in the Aircraft Trust.

(3) In addition, included in the calculation of pro forma Economic Net Income are (i) placement fees $27,253, (ii) interest expense beneficial conversion feature $240,000, and (iii) transaction costs $44,327. If these items were excluded from the calculation of pro forma Economic Net Income, the adjusted pro forma Economic Net Income would be $454,571.

Table of Contents

SELECTED FINANCIAL DATA

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

The selected historical consolidated and combined statements of operations data of Apollo Global Management, LLC for each of the years ended December 31, 2007, 2006 and 2005 and the selected historical consolidated and combined statements of financial condition data as of December 31, 2007 and 2006 have been derived from our audited consolidated and combined financial statements which are included elsewhere in this prospectus. We derived the selected historical consolidated and combined statements of operations data of Apollo Global Management, LLC for the years ended December 31, 2004 and 2003 and the selected consolidated and combined statements of financial condition data as of December 31, 2005, 2004 and 2003 from our unaudited consolidated and combined financial statements which are not included in this prospectus. The unaudited consolidated and combined financial statements have been prepared on substantially the same basis as the audited combined financial statements and include all adjustments that we consider necessary for a fair presentation of our combined financial position and results of operations for all periods presented.

We derived the selected historical condensed consolidated and combined statement of operations of Apollo Global Management, LLC for the three months ended March 31, 2008 and 2007 and the selected historical consolidated and combined statement of financial condition data as of March 31, 2008 from our unaudited condensed consolidated and combined financial statements, which are included elsewhere in this prospectus. The unaudited condensed consolidated and combined financial statements of Apollo Global Management, LLC have been prepared on substantially the same basis as the audited consolidated and combined financial statements and include all adjustments that we consider necessary for a fair presentation of our consolidated and combined financial condition and results of operation for all periods presented.

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

Table of Contents

	Three months ended March 31, 2008[a]	Three months ended March 31, 2007[a]	Year ended December 31, 2007[a]	2006[a]	2005	2004	2003
			(in thousands)				
Statement of Operations Data							
Revenues:							
Advisory and transaction fees from affiliates	$ 72,975	$ 26,399	$ 150,191	$ 147,051	$ 80,926	$ 67,503	$ 42,126
Management fees from affiliates	84,692	31,210	192,934	101,921	33,492	26,391	9,299
Carried interest (loss) income from affiliates	(142,238)	67,301	294,725	97,508	69,347	67,370	25,915
Total Revenues	15,429	124,910	637,850	346,480	183,765	161,264	77,340
Expenses:							
Compensation and benefits	268,067	109,471	1,450,330	266,772	309,235	473,691	165,086
Interest expense beneficial conversion feature			240,000				
Interest expense	16,564	3,253	105,968	8,839	1,405	2,143	3,919
Professional fees	23,995	18,033	81,824	31,738	45,687	39,652	37,806
General, administrative and other	12,836	6,827	36,618	38,782	25,955	19,506	15,927
Placement fees	24,132		27,253		47,028	171	538
Occupancy	5,262	2,926	12,865	7,646	5,993	5,089	1,731
Depreciation and amortization	6,336	830	7,869	3,288	2,304	2,210	1,876
Total Expenses	357,192	141,340	1,962,727	357,065	437,607	542,462	226,883
Other (Loss) Income:							
Net (losses) gains from investment activities	(125,300)	753,017	2,279,263	1,620,554	1,970,770	2,826,300	1,809,319
Dividend income from affiliates		79,836	238,609	140,569	25,979	178,620	188,549
Interest income	6,752	14,924	52,500	38,423	33,578	41,745	73,064
(Loss) Income from equity method investments	(2,639)	584	1,722	1,362	412	1,010	321
Other (loss) income	(468)	487	(36)	3,154	2,832	3,098	3,457
Total Other (Loss) Income	(121,655)	848,848	2,572,058	1,804,062	2,033,571	3,050,773	2,074,710
(Loss) Income Before Income Tax Benefit (Provision) and Non-Controlling Interest	(463,418)	832,418	1,247,181	1,793,477	1,779,729	2,669,575	1,925,167
Income tax benefit (provision)	2,494	(1,771)	(6,726)	(6,476)	(1,026)	(2,800)	(2,506)
(Loss) Income Before Non-Controlling Interest	(460,924)	830,647	1,240,455	1,787,001	1,778,703	2,666,775	1,922,661
Non-Controlling Interest	364,520	(686,606)	(1,810,106)	(1,414,022)	(1,577,459)	(2,191,420)	(1,725,815)
Net (Loss) Income	$ (96,404)	$ 144,041	$ (569,651)	$ 372,979	$ 201,244	$ 475,355	$ 196,846
Statement of Financial Condition Data (as of period end)							
Total Assets	$ 4,637,060	$ 11,187,967	$ 5,115,642	$ 11,179,921	$ 7,571,249	$ 7,798,333	$ 7,267,359
Total Debt Obligations	1,056,406	78,017	1,057,761	93,738	20,519	22,262	42,061
Total Equity	80,503	431,667	96,043	484,921	338,625	406,672	190,860
Non-Controlling Interest	2,073,693	9,971,875	2,312,286	9,847,069	6,556,621	6,843,076	6,843,741

(a) Significant changes in the consolidated and combined statement of operations for 2008 and 2007 compared to their respective comparative period are due to (i) the Reorganization, (ii) the deconsolidation of certain funds, and (iii) the Strategic Investors Transaction.

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

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

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

Interest expense increased as a result of conversion of debt on which the Strategic Investors had a beneficial conversion feature. Additionally, interest expense increased related to the $1.0 billion AMH credit facility obtained in April 2007.

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

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

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

Table of Contents

MANAGEMENT S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(tables in thousands except otherwise indicated)

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

The following discussion should be read in conjunction with the Apollo Global Management, LLC condensed consolidated and combined financial statements and the related notes as of March 31, 2008 and for the three months ended March 31, 2008 and 2007 and as of December 31, 2007 and 2006 and for the years ended 2007, 2006 and 2005. This discussion contains forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements due to a number of factors, including those included in the section entitled Risk Factors. The highlights listed below have had significant effects on many items within our consolidated and combined financial statements and affect the comparison of the current year s activity with those of prior years.

General

Our Businesses

Founded in 1990, Apollo is a leading global alternative asset manager with a proven track record of successful private equity, distressed debt and mezzanine investing. More recently, we have also begun to invest in senior debt. We raise, invest and manage private equity and capital markets funds on behalf of some of the world s most prominent pension and endowment funds, as well as, other institutional and individual investors.

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

(i) ***Private equity***. We have managed private equity funds since 1990. We pursue a diverse group of transactions globally, including traditional buyouts, corporate partner buyouts and distressed investments.

(ii) ***Capital markets***. Our capital markets segment is comprised of our management of mezzanine, distressed and hedge funds in the U.S. and globally.

Beginning in July 2007, the financial markets encountered a series of events from the sub-prime contagion to the ensuing credit crunch. These events led to a significant dislocation in the capital markets and created a backlog in the debt pipeline. Much of the backlog is left over from debt raised for large private equity-led transactions which reached record levels in 2006 and 2007. This record backlog of supply in the debt markets has materially affected the ability and willingness of lenders to fund new large private equity-led transactions and has applied downward pressure on prices of outstanding debt. Due to the difficulties in financing transactions in this market, the volume and size of traditional private equity-led transactions has declined significantly. We are drawing on our long history of investing across market cycles and are deploying capital by looking to acquire distressed securities in industries that we know well. We search for companies with stressed balance sheets in this market at attractive prices. We are investing in debt securities of companies that are performing well, but are attractively priced due to the disruption in the debt markets. For example, we are able to buy portfolios of performing debt from motivated sellers, such as financial institutions, at attractive rates of return. Additionally, we seek to take advantage of creative structures to use our equity to de-leverage a company s balance sheet and take a controlling position. We also intend to build out our strategic platforms through value added follow-on investments in current portfolio companies.

Our Reorganization and the Offering Transactions

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

Table of Contents

Apollo s business was historically conducted through a large number of entities as to which there was no single holding entity but which were separately owned by our Predecessor Owners, and controlled by our Managing Partners. In order to facilitate the Offering Transactions we completed a reorganization as of the close of business on July 13, 2007 whereby, except for Apollo Advisors and Apollo Advisors II, each of the operating entities and the intellectual property rights associated with the Apollo name, were contributed to the five newly-formed holding partnerships (Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings III, L.P., Apollo Management Holdings, L.P. and Apollo Principal Holdings IV, L.P., which was formed subsequent to July 13, 2007) that comprise the Apollo Operating Group.

On July 13, 2007, the company issued convertible notes with a principal amount of $1.2 billion to the Strategic Investors. The notes bore interest at 7% per annum and had a stated 15-year term. Apollo incurred approximately $44.3 million in costs in conjunction with the issuance of the debt. The notes included provisions calling for either an optional or mandatory conversion of the loan to non-voting Class A shares at a conversion price of $20 per share. The mandatory conversion occurred at the time of the Rule 144A Offering, which was completed on August 8, 2007 at $24 per share. On the conversion date, the unamortized deferred debt issuance costs of $44.1 million were written off and included as a component of interest expense.

Based on EITF 98-5, *Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios*, and EITF 00-27, *Application of Issue No. 98-5 to Certain Convertible Instruments*, the intrinsic value calculated at the commitment date is based on the fair value of the company as determined through an independent valuation. The intrinsic value of the beneficial conversion feature (BCF) was approximately $240 million based on the difference between the conversion price of $20 per share and $24 fair value per share and given the conversion of the $1.2 billion notes into 60,000,001 Class A shares. The BCF was charged to interest expense upon conversion of the notes. At that time, the $1.2 billion of notes held by the Strategic Investors converted to 60,000,001 Class A shares. Additionally, the company paid approximately $6.1 million of interest while the notes were outstanding prior to conversion.

On July 13, 2007, the company contributed to the Intermediate Holding Companies $1.2 billion proceeds from the sale of convertible securities to the Strategic Investors. The Intermediate Holding Companies used these proceeds to purchase from the managing partners for $1,068 million certain interests in the limited partnerships that operate the business, and contributed those purchased interests to the Apollo Operating Group, in return for approximately 17.4% of the limited partnership interests of the Apollo Operating Group. In addition, the Intermediate Holding Companies purchased from the contributing partners a portion of their interests in subsidiaries of the Apollo Operating Group for an aggregate purchase price of $156.4 million (excluding any potential contingent consideration) and contributed those purchased interests to the Apollo Operating Group in return for approximately 2.6% of the limited partnership interests of the Apollo Operating Group. Additionally, on August 8, 2007 and September 5, 2007, Apollo issued 34,500,000 Class A shares and 2,824,541 Class A shares, respectively, which diluted the Non-Controlling Interest by 8.9%. The purchase agreement related to the managing partners and contributing partners interests also included a provision for contingent consideration.

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

Subsequent to the Reorganization, the Contributed Businesses that act as general partners of most of the consolidated funds granted rights to the unaffiliated investors in each respective fund to provide that a simple majority of such fund s unaffiliated investors have the right, without cause, to liquidate that fund in accordance with certain procedures. These rights were granted in order to achieve the deconsolidation of such funds from the company s financial statements. For the Apollo funds previously consolidated, these rights became effective either on August 1, 2007 or November 30, 2007. The deconsolidation of these funds present our financial statements in a manner consistent with how Apollo evaluates its business and its related risks. Accordingly, we believe that deconsolidating these funds provide investors with a better understanding of our business. The result of the deconsolidated funds are included in the condensed consolidated and combined financial statements through the date of deconsolidation.

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

Because the company and the Apollo Advisors and Apollo Advisors II (Advisor Entities) were under the same control group as defined by FASB Emerging Issues Task Force (EITF) Issue No. 02-5, *Definition* of *Common Control in Relation to FASB No. 141*, the Advisor Entities are combined for the periods prior to the effective date of the Reorganization in the accompanying condensed consolidated and combined financial statements. Also in accordance with EITF Issue No. 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entry When the Limited Partners Have Certain Rights* (EITF 04-5), the Advisor Entities consolidate their respective funds. These Advisor Entities were excluded assets in the Reorganization on July 13, 2007 (see note 1 to our audited consolidated and combined financial statements included elsewhere in this prospectus). As such, they are not presented in the condensed consolidated and combined financial statements subsequent to the Reorganization.

Through its Intermediate Holding Companies, Apollo currently owns 28.9% of the economic interests of, and operates and controls all of the businesses and affairs of, the Apollo Operating Group and its subsidiaries as general partners with the super majority voting rights of its Class B shareholder. Holdings, a Delaware limited partnership through which our managing partners and our contributing partners hold their Apollo Operating Group units, owns the remaining 71.1% of the economic interests in the Apollo Operating Group. The company consolidates the financial results of the Apollo Operating Group and its consolidated subsidiaries. Holdings ownership interest in the Apollo Operating Group is reflected as a Non-Controlling Interest in our condensed consolidated and combined financial statements.

Managing Business Performance

We believe that the presentation of Economic Net Income and Private Equity Dollars Invested (as described below) supplements a reader s understanding of the economic operating performance of each segment.

Economic Net Income (Loss)

Economic Net Income (ENI) is a key performance measure used by management in evaluating the performance of our private equity and capital markets segments, as the amount of management fees, advisory and transaction fees and carried interest income are indicative of the company s performance. Management also uses ENI in making key operating decisions such as the following:

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

- Decisions related to capital deployment such as providing capital to facilitate growth for our business and/or to facilitate expansion into new businesses.

- Decisions related to compensation expense, such as determining annual discretionary bonuses to our employees. As it relates to compensation, our philosophy has been and remains to better align the interests of certain professionals and selected other individuals who have a profit sharing interest in the carried interest earned in relation to our funds with our own and with those of the investors in the funds. To achieve that objective, a significant amount of compensation paid is based on our performance and growth for the year.

Table of Contents

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), which excludes the impact of non-cash charges related to equity-based compensation, income taxes and Non-Controlling Interest. In addition, segment data excludes the assets, liabilities and operating results of the Apollo funds that are included in the consolidated and combined financial statements. We believe that ENI is helpful to an understanding of our business and that investors should review the same supplemental financial measure that management uses to analyze our segment performance. This measure supplements and should be considered in addition to and not in lieu of the results of operations discussed below in the Overview of Results of Operations that have been prepared in accordance with U.S. GAAP.

The following summarizes the adjustments to ENI that reconcile ENI to the net loss determined in accordance with U.S. GAAP.

Inclusion of the impact of non-cash charges such as equity-based compensation to our managing partners and contributing partners related to Apollo Operating Group units that vested during the period. Management assesses our performance based on management fees, advisory and transaction fees, and carried interest income generated by the business and excludes the impact of non-cash charges related to equity-based compensation because this non-cash charge is viewed part of our core operations.

Inclusion of the impact of income taxes as we do not take income taxes into consideration when evaluating the performance of our segments or when determining compensation for our employees. Additionally, income taxes at the segment level are not material as the entities included in our segments operate as partnerships and therefore are only subject to New York City unincorporated business taxes and foreign taxes when applicable.

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

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

Private Equity Dollars Invested

Private equity dollars invested is the aggregate amount of newly funded or committed capital invested by our private equity funds during a reporting period. Such amount is indicative of the pace and magnitude of deployment of fund capital which could result in future revenue such as transaction fees and additional incentive income. Private equity dollars invested may give rise to certain future costs such as hiring additional resources to manage and account for the additional capital that was deployed. Private equity dollars invested 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 private equity dollars invested as a measure of evaluating future revenues in our private equity segment. The use of private equity dollars invested should not be used without

Table of Contents

consideration of related U.S. GAAP measures. Management uses private equity dollars invested as a supplemental measure to U.S. GAAP results to provide a more complete understanding of our performance as management measures it.

The following table summarizes the private equity dollars invested for the reporting period:

	March 31,		December 31,		
	2008	2007	2007	2006	2005
			(dollars in thousands)		
Private equity dollars invested	$ 3,166,342	$ 359,998	$ 8,647,912	$ 5,216,715	$ 686,663

Market Considerations

Our revenues consist of the following:

Management fees, which are calculated based upon any of net asset value, gross assets, adjusted costs of all unrealized portfolio investments, capital commitments, adjusted assets or capital contributions, each as defined in the applicable management agreement of the unconsolidated funds. Fees earned from our consolidated funds are eliminated in consolidation;

Advisory and transaction fees relating to the investments our funds make, or individual monitoring agreements with individual portfolio companies of the private equity funds; and

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

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

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

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

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

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

Table of Contents

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

Beginning in July 2007, the financial markets encountered a series of negative events starting with the sub-prime fall-out which led to the decline in availability of asset backed commercial paper and debt underwriting. Based on the performance of many of our portfolio companies and capital markets funds in the third and fourth quarter of 2007, the impact to date of these events on our private equity and capital markets funds has resulted in a reduction in revenue. We do not currently know the full extent to which this recent disruption will affect us or the markets in which we operate. If the disruption continues, we and the funds we manage may experience further tightening of liquidity, reduced earnings and cash flow, impairment charges, as well as, challenges in raising additional capital, obtaining investment financing and making investments on attractive terms. These market conditions can also have an impact on our ability to liquidate positions in a timely and efficient manner.

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

Uncertainty remains regarding Apollo s future taxation levels. Members of the United States Congress have introduced and Congress has considered (but not enacted) legislation that would, if enacted, preclude us from qualifying for treatment as a partnership for U.S. Federal income tax purposes under the publicly traded partnership rules. See Risk Factors Risks Related to Taxation The U.S. Federal income tax law that determines the tax consequences of an investment in Class A shares is under review and is potentially subject to adverse legislative, judicial or administrative change, possibly on a retroactive basis, including possible changes that would result in the treatment of our long-term capital gains as ordinary income, that would cause us to become taxable as a corporation and/or have other adverse effects, and Risk Factors Risks Related to Our Organization and Structure Members of the U.S. Congress have introduced legislation that would, if enacted, preclude us from qualifying for treatment as a partnership for U.S. Federal income tax purposes under the publicly traded partnership rules. If this or any similar legislation or regulation were to be enacted and apply to us, we would incur a substantial increase in our tax liability and it could well result in a reduction in the value of our Class A shares and Material Tax Considerations Material U.S. Federal Tax Considerations Administrative Matters Possible New Legislation or Administrative or Judicial Action.

Assets Under Management

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

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

Table of Contents

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

(iii) the fair value of any other assets that we manage plus unused credit facilities and/or capital commitments available for investment that are not otherwise included in clauses (i) or (ii) above.

We earn management fees from the funds that we manage pursuant to management agreements on a basis that varies from Apollo fund to Apollo fund (e.g., any of net asset value, gross assets, adjusted cost of all unrealized portfolio investments, capital commitments, adjusted assets or capital contributions, each as defined in the applicable management agreement, may form the basis for a management fee calculation). Our calculation of AUM may differ from the calculations of other asset managers and, as a result, this measure may not be comparable to similar measures presented by other asset managers. 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. Our AUM has increased significantly since December 31, 2005, as a result of (1) raising new funds with sizeable capital commitments and (2) increasing net asset values of our existing funds from new investor capital and their retained profits.

AUM as of March 31, 2008 and 2007, December 31, 2007, 2006 and 2005 are set forth below:

	March 31,		December 31,		
	2008	2007	2007	2006	2005
	(dollars in millions)				
AUM:					
Private equity	$ 30,553	$ 19,534	$ 30,237	$ 20,186	$ 18,734
Capital markets	10,141	6,028	10,118	4,392	2,463
Total	$ 40,694	$ 25,562	$ 40,355	$ 24,578	$ 21,197

The following table summarizes changes in AUM for the three months ended March 31, 2008 and 2007 and for the years ended December 31, 2007, 2006 and 2005.

	Three Months Ended March 31,		Year ended December 31,		
	2008	2007	2007	2006	2005
	(dollars in millions)				
Change in AUM:					
Beginning of period	$ 40,355	$ 24,578	$ 24,578	$ 21,197	$ 11,322
Change in fair value	(1,106)	1,222	2,968	2,473	1,835
Capital raised	2,826	1,522	14,541	1,191	9,327
Distributions / redemptions	(1,780)	(811)	(869)	(347)	(319)
Other Inflows / (Outflows)	399	(949)	(863)	64	(968)
End of period	$ 40,694	$ 25,562	$ 40,355	$ 24,578	$ 21,197

AUM amounted to $40.7 billion at March 31, 2008, including $30.6 billion from private equity and $10.1 billion from capital markets. AUM, as of the end of the first quarter 2008, was up 59% from the first quarter of 2007. At March 31, 2008, approximately $18.3 billion and $9.4 billion of private equity and capital markets AUM, respectively, represent fee generating assets as compared to $13.4 billion and $4.2 billion for the same period in 2007. Fee generating assets are those assets on which we earn management fees. A significant portion

101

of the increase in fee-generating assets at March 31, 2008 was related to our latest private equity fund, Fund VII. We began earning management fee revenue on the committed capital of this fund effective January 1, 2008. In addition, the remaining increase was primarily attributable to new capital markets funds. We also began earning management fee revenue from EPF in July 2007 and ACLF in October 2007.

The increase in private equity AUM from the year ended December 31, 2007 over the year ended December 31, 2006 was largely driven by investment appreciation and by closings in Fund VII. The increase in capital markets AUM during the same year over year period was driven by growth in new funds established during 2007 as well as additional assets in our existing funds. At year end 2007, approximately $14.0 billion and $8.5 billion of private equity and capital markets AUM, respectively, represent fee generating assets. Fee generating assets are those on which we earn management fees. A significant portion of our private equity non- fee generating AUM at December 31, 2007 was related to our latest fund, Fund VII. We began receiving management fees effective January 1, 2008 on those assets and will record corresponding revenues beginning in the first quarter of 2008. Non-fee generating assets include amounts for which we do not currently earn management fees, but for which we expect to earn carried interest income as AUM includes the fair value of private equity investments and management fees of certain of our private equity funds are based on the cost of unrealized investments that have appreciated in value.

The table below displays fee generating and non-fee generating AUM by segments as of March 31, 2008 and 2007, December 31, 2007, 2006 and 2005.

Assets Under Management

Fee Generating/Non-Fee Generating

	March 31,		December 31,		
	2008	2007	2007	2006	2005
	(dollars in millions)				
Private equity	$ 30,553	$ 19,534	$ 30,237	$ 20,186	$ 18,734
Fee generating	18,345	13,370	14,039	13,502	3,223
Non-fee generating	12,208	6,164	16,198	6,684	15,511
Capital markets	10,141	6,028	10,118	4,392	2,463
Fee generating	9,427	4,194	8,502	3,941	1,958
Non-fee generating	714	1,834	1,616	451	505
Total Assets Under Management	40,694	25,562	40,355	24,578	21,197
Fee generating	27,772	17,564	22,541	17,443	5,181
Non-fee generating	12,922	7,998	17,814	7,135	16,016

Our Recent Growth

We have experienced significant growth in our businesses from 2002 to present. We have achieved this growth by our funds raising additional assets/capital in our private equity and credit-oriented capital markets businesses, growing AUM through appreciation and by expanding our businesses using new strategies and geographies. We also expect to achieve growth in our AUM as a result of Fund VII. Fund VII has a target of $15.0 billion, as compared with Fund VI, which had total committed capital of $10.1 billion. As of March 31, 2008, Fund VII has received capital commitments of $11.8 billion, which is included in our AUM above. Additionally, several of our capital markets funds are in various stages of fundraising. As a result of our recent growth, we have experienced a significant increase in our management fees and advisory and transaction fees. To support this growth, we have also experienced a material increase in operating expenses, resulting from hiring additional personnel, opening new offices to expand our geographical reach and incurring additional professional fees.

Table of Contents

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. See Business The Historical Investment Performance of Our Funds.

Overview of Results of Operations

Revenues

Advisory and Transaction Fees from Affiliates. As a result of providing advisory services with respect to actual and potential private equity 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. Under the terms of the limited partnership agreements for certain of our private equity and capital markets funds, the management fee earned is subject to a reduction of a percentage of such advisory and transaction fees. This management fee rebate is calculated at 65% for Fund V and certain of our capital markets funds and 68% for Funds VI and VII, respectively, and is reflected as a reduction to Advisory and Transaction Fees from Affiliates on our consolidated and combined statements of operations.

Additionally, in the normal course of business, the management companies incur certain costs related to private equity fund (and certain capital markets funds) transactions that are not consummated (broken deal costs). A portion of broken deal costs related to certain of our private equity funds, up to the total amount of transaction and advisory fees, are reimbursed by the unconsolidated funds (through reductions of the management fee offset described above), except for Fund VII and certain of our capital markets funds which bear all broken deal costs and these costs are factored into the management fee offset. These payments are included in Advisory and Transaction Fees from Affiliates in our consolidated and combined statements of operations.

As we have grown the invested capital of the Apollo private equity funds, the advisory and transaction fees that we have earned from private equity transactions have grown as well.

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, adjusted assets or capital contributions, each as defined in the applicable management agreement of the unconsolidated funds. Fees earned from our consolidated funds are eliminated in consolidation. As discussed in note 1 to our audited consolidated and combined financial statements included elsewhere in this prospectus, most of the Apollo funds were deconsolidated on either August 1, 2007 or November 30, 2007, therefore, subsequent to deconsolidation the management fees associated with these funds are included in the consolidated and combined statement of financial operations.

Carried Interest Income from Affiliates. The general partners are entitled to an incentive return that can amount to as much as 20% of the total returns on fund capital, depending upon performance of the underlying funds. The carried interest income from affiliates is recognized in accordance with EITF Topic D-96, *Accounting for Arrangement Fees Based on a Formula* (EITF Topic D-96). In applying EITF Topic D-96, the carried interest from affiliates for any period is based upon an assumed liquidation of the funds net assets at the reporting date, and distribution of the net proceeds in accordance with the funds allocation provisions. Carried interest income in both private equity funds and certain capital markets funds is subject to clawback in the event of future losses to the extent of the cumulative carried interest recognized in income to date. Carried interest receivables are reported on a separate line item within the consolidated and combined statements of financial condition. Carried interest from our consolidated funds is eliminated in consolidation. As discussed in note 1 to our audited consolidated and combined financial statements included elsewhere in this prospectus, most of the Apollo funds were deconsolidated on either August 1, 2007 or November 30, 2007, therefore, the carried interest income associated with these funds subsequent to deconsolidation is included in the consolidated and combined statement of financial operations.

Expenses

Compensation and Benefits. Our most significant expense is compensation and benefits expense. This consists of fixed salary, discretionary and non-discretionary bonuses, profit sharing expense associated with the carried interest income earned from private equity funds and recognition of compensation expense associated with the vesting of non-cash equity awards.

Our compensation arrangements with certain partners and employees contain a significant performance-based bonus component. Therefore, as our net revenues increase, our compensation costs also rise. In addition, our compensation costs reflect the increased investment in people as we expand geographically and create new funds. Prior to the Reorganization, all payments for services rendered by our managing partners have been accounted for as partnership distributions rather than compensation and benefits expense. As a result, the financial statements have not reflected compensation expense for services rendered by these individuals. Subsequent to the Reorganization, our managing partners are considered employees of Apollo. As such, payments for services made to these individuals, including the expense associated with Apollo Operating Group units described below, have been recorded as compensation expense. In addition, certain professionals and selected other individuals have a profit sharing interest in the carried interest earned in relation to these funds in order to better align their interests with our own and with those of the investors in these funds. Profit sharing expense is part of our compensation and benefits expense and is based upon a fixed percentage of private equity carried interest income on a pre-tax and a pre-consolidated basis. Profit sharing expense was $307.7 million, $185.0 million and $235.1 million for the years ended December 31, 2007, 2006 and 2005, respectively. Profit sharing expense was $(73.4) million and $82.4 million for the three months ended March 31, 2008 and 2007, respectively, a decrease of $155.8 million or 189.1%, as a result of the decline in fair value of several of our private equity fund portfolio investments.

Salary expense for services rendered by our managing partners will be limited to $100,000 per year for a five-year period commencing September 2007. Subsequent to this period, cash compensation costs will likely increase. Additionally, in connection with the Reorganization, the managing partners and contributing partners received Apollo Operating Group units with a vesting period of five to six years and certain employees were granted RSUs that typically have a vesting period of six years. The non-cash compensation expense related to such Apollo Operating Group units and RSUs was approximately $980.7 million and $5.3 million, respectively, for the year ended December 31, 2007 and $259.9 million and $15.1 million, respectively, for the three months ended March 31, 2008 (see the notes to our consolidated and combined financial statements included elsewhere in this prospectus).

Professional fees. Professional fees consist mainly of legal and consulting fees, fees for audit and tax services, for accounting services and broken deal costs.

Other Expenses. The balance of our other expenses includes interest, including interest related to the BCF, occupancy, depreciation and amortization, costs related to travel, information technology, and other operating expenses. Interest expense consists primarily of interest related to our $1.0 billion credit agreement which has a variable interest amount based on LIBOR and interest on our Strategic Investor convertible debt. Additionally, we incurred interest expense related to the mandatory exercise of the BCF when the Strategic Investors converted the debt they were issued to Class A shares on August 8, 2007. Occupancy expense represents charges related to office leases and associated expenses, such as utilities. Depreciation and amortization of fixed assets is calculated using the straight-line method over their estimated useful lives, ranging from two to sixteen years, taking into

Table of Contents

consideration any residual value. Leasehold improvements are amortized over the shorter of the useful life of the asset or the expected term of the lease. Intangible assets recognized from the acquisition of the Non-Controlling Interest during the third quarter of 2007 are amortized using the straight-line method over the expected useful lives of the assets as discussed in the notes to our consolidated and combined financial statements included elsewhere in this prospectus.

Other Income

Net Gains from Investment Activities. The performance of the consolidated Apollo funds has impacted our gains (losses) from investments. Gains (losses) from investments includes both realized gains and losses and the change in unrealized gains and losses in our investment portfolio between the opening balance sheet date and the closing balance sheet date. Net unrealized gains (losses) are a result of changes in the fair value of investments that have not been realized as of the balance sheet date. Significant judgment and estimation goes into the assumptions that drive these models and the actual values realized with respect to investments could be materially different from values obtained based on the use of those models. The valuation methodologies applied impact the reported value of investment company holdings and their underlying portfolios in our consolidated and combined financial statements. As discussed in note 1 to our audited condensed consolidated and combined financial statements included elsewhere in this prospectus, most of the Apollo funds were deconsolidated on either August 1, 2007 or November 30, 2007. Therefore subsequent to deconsolidation, the financial statements only include the net realized and unrealized gains (losses) of AAA.

Interest and Dividend Income and Other Income. Dividend income is recognized on the ex-dividend date and interest income is recognized as earned on an accrual basis. Discounts and premiums on securities purchased are accreted or amortized over the life of the respective investments using the effective interest method.

Income Tax Provision

Apollo has historically operated as partnerships for U.S. Federal income tax purposes and generally as corporate entities in non-U.S. jurisdictions. As a result, income has not been subject to U.S. Federal and state income taxes. Taxes related to income earned by these entities represent obligations of the individual partners and members and have not been reflected in the consolidated and combined financial statements. Income taxes shown on the historical consolidated and combined statements of operations are attributable to the New York City unincorporated business tax and income taxes on certain entities located in non-U.S. jurisdictions.

Following the Reorganization, the Apollo Operating Group and its subsidiaries continue to operate in the U.S. as partnerships for U.S. Federal income tax purposes and generally as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases continue to be subject to New York City unincorporated business tax, or in the case of non-U.S. entities, to non-U.S. corporate income taxes. In addition, APO Corp. is subject to federal, state and local corporate income taxes at the entity level and these taxes are reflected in the consolidated and combined financial statements.

Non-Controlling 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 consolidated and combined financial statements. Subsequent to the Reorganization, the Non-Controlling Interest relating to Apollo Global Management, LLC includes the ownership interest in the Apollo Operating Group held by the managing partners and contributing partners through their partnership interests in Holdings and the limited partner interests in AAA that remains consolidated. Prior to the deconsolidation of most of the Apollo funds, the Non-Controlling Interest included limited partner interests in the respective consolidated funds.

Table of Contents

Investment Platform and Cost Trends

In order to accommodate the increasing demands of our funds rapidly growing investment portfolios, we have expanded our investment platform, which is comprised primarily of our people, financial and operating systems and supporting infrastructure. Expansion of our investment platform required increases in headcount, consisting of newly hired professionals and support staff, as well as, leases and associated improvements to new offices to accommodate the increasing number of employees, and related augmentation of systems and infrastructure. Our headcount increased from 144 employees as of December 31, 2006 to 350 employees as of the date hereof. As a result, our compensation and other personnel related expenses have increased, as have our rent and other office related expenses. As we continue to expand our global platform, we anticipate our headcount and related expenses will continue to increase.

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

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

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

Results of Operations

Following is a discussion of our consolidated and combined results of operations for the three months ended March 31, 2008 and 2007 and the years ended December 31, 2007, 2006 and 2005. For additional analysis of the factors that affected our results at the segment level, see Segment Analysis below.

Three Months Ended March 31, 2008 Compared to Three Months Ended March 31, 2007

Revenues

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Amount Change	Percentage Change
Advisory and transaction fees from affiliates	$ 72,975	$ 26,399	$ 46,576	176.4%
Management fees from affiliates	84,692	31,210	53,482	171.4
Carried interest (loss) income from affiliates	(142,238)	67,301	(209,539)	(311.3)
Total Revenues	$ 15,429	$ 124,910	$ (109,481)	(87.6)%

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

Total revenues were $15.4 million for the three months ended March 31, 2008 compared to $124.9 million for the three months ended March 31, 2007, a decrease of $109.5 million or 87.6%. This change was primarily attributable to decreased carried interest income from affiliates due to the decline in the fair value of our fund portfolio investments, offset in part by increased management fees earned from affiliates as a result of new funds

106

Table of Contents

with sizable capital commitments that commenced operations, combined with increased advisory and transaction fees earned from affiliates due to the funding of large private equity acquisitions during the three months ended March 31, 2008, as compared to the same period during 2007.

Advisory and transaction fees from affiliates, including directors fees and reimbursed broken deal costs, were $73.0 million for the three months ended March 31, 2008 as compared to $26.4 million for the three months ended March 31, 2007, an increase of $46.6 million or 176.4%. As discussed in note 1 to our unaudited condensed consolidated and combined financial statements included elsewhere in this prospectus, most of the Apollo funds were deconsolidated during 2007. As such, management fee rebates included in advisory and transaction fees that were eliminated in the consolidation of the Apollo funds for the three months ended March 31, 2007 resulted in an increase of $12.6 million in fees when compared with the three months ended March 31, 2008. The remaining change was primarily attributable to the funding of certain private equity acquisitions, as well as the advisory fees associated with newly acquired portfolio companies. Total advisory and transaction fees earned for the private equity and capital markets segments increased by $58.6 million and $0.6 million, respectively. The increase in private equity transaction fees was primarily driven by two acquisitions in Fund VI and AAA, which closed in early 2008, generating net transaction fees of $57.9 million. Private equity advisory and transaction fees, including director fees, are reported net of management fee rebates calculated at 65% for Fund V and 68% for Funds VI and VII, totaling $101.9 million and $12.6 million for the three months ended March 31, 2008 and 2007, respectively, an increase of $89.3 million or 708.7%.

Management fees from affiliates were $84.7 million for the three months ended March 31, 2008 compared to $31.2 million for the three months ended March 31, 2007, an increase of $53.5 million or 171.4%. As discussed in note 1 to our unaudited condensed consolidated and combined financial statements included elsewhere in this prospectus, most of the Apollo funds were deconsolidated during 2007. As such, approximately $24.1 million was attributable to the management fees earned from the Apollo funds that were previously eliminated in consolidation. Excluding the impact of the above, management fees for private equity and capital markets segments increased by $14.5 million and $14.9 million, respectively. The $14.5 million increase in management fees earned from our private equity funds was primarily attributable to the commencement of Fund VII during the third quarter of 2007, which had committed capital of $12.1 billion at March 31, 2008 and management fees totaling $36.8 million during the three months ended March 31, 2008. This increase was partially offset by a $22.3 million decrease within our existing private equity funds primarily due to the reduction of management fees earned from Fund VI as its management fee calculation formula changed in 2008 after the investment period ended and its step down date commenced. The $14.9 million increase in management fees earned from our capital markets funds was primarily attributable to the increase of the net asset values of our existing funds with management fees of $13.0 million combined with the commencement of new capital market funds during the third and fourth quarter of 2007 having combined management fees of $1.9 million.

Carried interest (loss) income from affiliates was $(142.2) million for the three months ended March 31, 2008 compared to $67.3 million for the three months ended March 31, 2007, a decrease of $209.5 million or 311.3%. Carried interest (loss) income is related to investment gains and losses of affiliates. As discussed in note 1 to our unaudited condensed consolidated and combined financial statements included elsewhere in this prospectus, most of the Apollo funds were deconsolidated during 2007. As such, approximately $143.8 million was attributable to the carried interest income that was previously eliminated in the consolidation of the Apollo funds. During the three months ended March 31, 2008 only one entity, AAA, has been consolidated compared to a majority of the private equity funds for the three months ended March 31, 2007. This has the resulting impact of reflecting most of the investment income in this item in 2008 and only a portion in 2007. This change was primarily attributable to an increase in unrealized losses related to investments held by our private equity funds and reversal of unrealized gains on investment realizations in the total amount of $489.6 million, primarily attributable to Fund V. In addition, carried interest income earned from capital markets funds decreased by $32.2 million, primarily driven by a decrease of realized gains attributable to dispositions of investments in AIC combined with unrealized losses on the fair values of portfolio investments held by VIF and SVF. These decreases were partially offset by an increase in carried interest income resulting from realized gains from the disposition of private equity fund investments totaling $168.5 million, primarily attributable to Fund V.

Table of Contents

Expenses

	Three Months Ended March 31, 2008	2007	Amount Change	Percentage Change
Compensation and benefits	$ 268,067	$ 109,471	$ 158,596	144.9%
Interest expense	16,564	3,253	13,311	409.2
Professional fees	23,995	18,033	5,962	33.1
General, administrative and other	12,836	6,827	6,009	88.0
Placement fees	24,132		24,132	NA
Occupancy	5,262	2,926	2,336	79.8
Depreciation and amortization	6,336	830	5,506	663.4
Total Expenses	$ 357,192	$ 141,340	$ 215,852	152.7%

Total expenses were $357.2 million for the three months ended March 31, 2008 compared to $141.3 million for the three months ended March 31, 2007, an increase of $215.9 million or 152.7%. This change was primarily attributable to increased compensation and benefits due to increased non-cash compensation expense, as well as placement fees incurred in relation to the raising of committed capital for new funds, specifically Fund VII and SOMA as discussed below, during the three months ended March 31, 2008, as compared to the same period during 2007.

Compensation and benefits were $268.1 million for the three months ended March 31, 2008 compared to $109.5 million for the three months ended March 31, 2007, an increase of $158.6 million or 144.9%. Non-cash compensation increased by $283.1 million which was attributable to the amortization of the Apollo Operating Group units granted to the managing partners and contributing partners at the time of the Reorganization as discussed in note 1 to our unaudited condensed consolidated and combined financial statements included elsewhere in this prospectus, totaling $259.9 million. The remainder of the compensation and benefits increase was attributable to the amortization associated with the RSUs and RDUs, certain of which were fully vested at grant, totaling $15.1 million and $8.1 million, respectively, during the first quarter of 2008. Additionally, compensation and benefits increased $31.3 million as a result of the growth in overall headcount to support increased investment activity and compensation to existing personnel. These increases were offset by a decrease in profit sharing expense of $155.8 million resulting from decreased carried interest income earned from affiliates due to a decline in the fair value of several of our private equity portfolio investments during the three months ended March 31, 2008, as compared to the same period in 2007.

Interest expense was $16.6 million for the three months ended March 31, 2008 compared to $3.3 million for the three months ended March 31, 2007, an increase of $13.3 million or 409.2%. This change was primarily attributable to $15.9 million of interest incurred during the three months ended March 31, 2008 related to the $1.0 billion seven year credit agreement entered into by AMH during April 2007 as discussed in note 9 to our unaudited condensed consolidated and combined financial statements included elsewhere in this prospectus. This increase was partially offset by a $2.6 million reduction of interest expense due to lower interest rates on our variable debt as a result of changes in the interest rate environment.

Professional fees were $24.0 million for the three months ended March 31, 2008 compared to $18.0 million for the three months ended March 31, 2007, an increase of $6.0 million or 33.1%. This change was primarily attributable to increased broken deal costs and external accounting, audit, legal and consulting fees incurred relating to one-time projects during 2008.

General, administrative and other expenses were $12.8 million for the three months ended March 31, 2008 compared to $6.8 million for the three months ended March 31, 2007, an increase of $6.0 million or 88.0%. This change was primarily attributable to organization costs incurred of $2.8 million relating to Fund VII, which commenced operations during the third quarter of 2007. The remaining increase of $3.2 million was attributable

Table of Contents

to increased travel, information technology and other expenses incurred as a result of expanding our global platform and increased headcount during 2008.

Placement fees incurred were $24.1 million for the three months ended March 31, 2008. These expenses were incurred in relation to the raising of additional committed capital for new funds that commenced operations during 2007, specifically $21.8 million for Fund VII and $2.3 million for SOMA.

Occupancy expense was $5.3 million for the three months ended March 31, 2008 compared to $2.9 million for the three months ended March 31, 2007, an increase of $2.3 million or 79.8%. This change was primarily attributable to the expansion of office space leased as a result of the increase in our overall headcount during 2008, as well as increased maintenance fees incurred on existing office space leased.

Depreciation and amortization expense was $6.3 million for the three months ended March 31, 2008 compared to $0.8 million for the three months ended March 31, 2007, an increase of $5.5 million or 663.4%. Amortization expense of $4.4 million during 2008 was attributable to the intangible assets recognized from the acquisition of the contributing partners interest during the third quarter of 2007 as discussed in note 3 of our unaudited condensed consolidated and combined financial statements. The remaining increase of $1.1 million was the result of new assets placed in service partially offset by a decrease of depreciation expense as a result of the distribution of the Gulfstream G-IV during July 2007 as discussed in note 1 to our unaudited condensed consolidated and combined financial statements included elsewhere in this prospectus.

Other (Loss) Income

	Three Months Ended March 31,		Amount	Percentage
	2008	2007	Change	Change
Net (losses) gains from investment activities	$ (125,300)			