

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**Form 10-K**

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(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
- FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015 OR**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_  
Commission File Number: 001-35107

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**APOLLO GLOBAL MANAGEMENT, LLC**  
(Exact name of Registrant as specified in its charter)

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

**9 West 57th Street, 43rd Floor**  
**New York, New York 10019**  
(Address of principal executive offices) (Zip Code)  
**(212) 515-3200**  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Class A shares representing limited liability company interests	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	<input type="checkbox"/> T	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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

The aggregate market value of the Class A shares of the Registrant held by non-affiliates as of June 30, 2015 was approximately \$3,787.7 million, which includes non-voting Class A shares with a value of approximately \$996.8 million.

As of February 26, 2016 there were 183,517,438 Class A shares and 1 Class B share outstanding.



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### Forward-Looking Statements

This report may contain forward-looking statements that are within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements include, but are not limited to, discussions related to Apollo’s expectations regarding the performance of its business, liquidity and capital resources and the other non-historical statements in the discussion and analysis. These forward-looking statements are based on management’s beliefs, as well as assumptions made by, and information currently available to, management. When used in this report, the words “believe,” “anticipate,” “estimate,” “expect,” “intend” and similar expressions are intended to identify forward-looking statements. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. These statements are subject to certain risks, uncertainties and assumptions, including risks relating to our dependence on certain key personnel, our ability to raise new private equity, credit or real estate funds, market conditions generally, our ability to manage our growth, fund performance, changes in our regulatory environment and tax status, the variability of our revenues, net income and cash flow, our use of leverage to finance our businesses and investments by our funds and litigation risks, among others. We believe these factors include but are not limited to those described under the section entitled “Risk Factors” in this report; as such factors may be updated from time to time in our periodic filings with the United States Securities and Exchange Commission (the “SEC”), which are accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other filings. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

### Terms Used in This Report

In this report, references to “Apollo,” “we,” “us,” “our” and the “Company” refer collectively to Apollo Global Management, LLC, a Delaware limited liability company, and its subsidiaries, including the Apollo Operating Group and all of its subsidiaries, or as the context may otherwise require;

“AMH” refers to Apollo Management Holdings, L.P., a Delaware limited partnership, that is an indirect subsidiary of Apollo Global Management, LLC;

“Apollo funds”, “our funds” and references to the “funds” we manage, refer to the funds (including the parallel funds and alternative investment vehicles of such funds), partnerships, accounts, including strategic investment accounts or “SIAs,” alternative asset companies and other entities for which subsidiaries of the Apollo Operating Group provide investment management or advisory services;

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

“Assets Under Management”, or “AUM”, refers to the assets we manage or advise for the funds, partnerships and accounts to which we provide investment management or advisory services, including, without limitation, capital that such funds, partnerships and accounts have the right to call from investors pursuant to capital commitments. Our AUM equals the sum of:

- (i) the fair value of the investments of the private equity funds, partnerships and accounts we manage or advise plus the capital that such funds, partnerships and accounts are entitled to call from investors pursuant to capital commitments;
- (ii) the net asset value, or “NAV,” of the credit funds, partnerships and accounts for which we provide investment management or advisory services, other than certain collateralized loan obligations (“CLOs”) and collateralized debt obligations (“CDOs”), which have a fee-generating basis other than the mark-to-market value of the underlying assets, plus used or available leverage and/or capital commitments;
- (iii) the gross asset value or net asset value of the real estate funds, partnerships and accounts we manage, and the structured portfolio company investments of the funds, partnerships and accounts we manage or advise, which includes the leverage used by such structured portfolio company investments;
- (iv) the incremental value associated with the reinsurance investments of the portfolio company assets we manage or advise; and
- (v) the fair value of any other assets that we manage or advise for the funds, partnerships and accounts to which we provide investment management or advisory services, plus unused

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credit facilities, including capital commitments to such funds, partnerships and accounts for investments that may require pre-qualification before investment plus any other capital commitments to such funds, partnerships and accounts available for investment that are not otherwise included in the clauses above.

Our AUM measure includes Assets Under Management for which we charge either no or nominal fees. In addition our AUM measure includes certain assets for which we do not have investment discretion. Our definition of AUM is not based on any definition of Assets Under Management contained in our operating agreement or in any of our Apollo fund management agreements. We consider multiple factors for determining what should be included in our definition of AUM. Such factors include but are not limited to (1) our ability to influence the investment decisions for existing and available assets; (2) our ability to generate income from the underlying assets in our funds; and (3) the AUM measures that we use internally or believe are used by other investment managers. Given the differences in the investment strategies and structures among other alternative investment managers, our calculation of AUM may differ from the calculations employed by other investment managers and, as a result, this measure may not be directly comparable to similar measures presented by other investment managers. Our calculation also differs from the manner in which our affiliates registered with the SEC report “Regulatory Assets Under Management” on Form ADV and Form PF in various ways;

“Fee-Generating AUM” consists of assets we manage or advise for the funds, partnerships and accounts to which we provide investment management or advisory services and on which we earn management fees, monitoring fees pursuant to management or other fee agreements on a basis that varies among the Apollo funds, partnerships and accounts we manage or advise. Management fees are normally based on “net asset value,” “gross assets,” “adjusted par asset value,” “adjusted cost of all unrealized portfolio investments,” “capital commitments,” “adjusted assets,” “stockholders’ equity,” “invested capital” or “capital contributions,” each as defined in the applicable management agreement. Monitoring fees, also referred to as advisory fees, with respect to the structured portfolio company investments of the funds, partnerships and accounts we manage or advise, are generally based on the total value of such structured portfolio company investments, which normally includes leverage, less any portion of such total value that is already considered in Fee-Generating AUM.

“Non-Fee-Generating AUM” refers to AUM that does not produce management fees or monitoring fees. This measure generally includes the following:

- (i) fair value above invested capital for those funds that earn management fees based on invested capital;
- (ii) net asset values related to general partner and co-investment interests;
- (iii) unused credit facilities;
- (iv) available commitments on those funds that generate management fees on invested capital;
- (v) structured portfolio company investments that do not generate monitoring fees; and
- (vi) the difference between gross asset and net asset value for those funds that earn management fees based on net asset value.

“Carry-Eligible AUM” refers to the AUM that may eventually produce carried interest income. All funds for which we are entitled to receive a carried interest income allocation are included in Carry-Eligible AUM, which consists of the following:

- (i) “Carry-Generating AUM”, which refers to invested capital of the funds, partnerships, and accounts we manage or advise, that is currently above its hurdle rate or preferred return, and profit of such funds, partnerships and accounts is being allocated to the general partner in accordance with the applicable limited partnership agreements or other governing agreements;
- (ii) “AUM Not Currently Generating Carry”, which refers to invested capital of the funds, partnerships and accounts we manage or advise that is currently below its hurdle rate or preferred return; and
- (iii) “Uninvested Carry-Eligible AUM”, which refers to capital of the funds, partnerships and accounts we manage or advise that is available for investment or reinvestment subject to the provisions of applicable limited partnership agreements or other governing agreements, which capital is not currently part of the NAV or fair value of investments that may eventually produce carried interest income allocable to the general partner.

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“AUM with Future Management Fee Potential” refers to the committed uninvested capital portion of total AUM not currently earning management fees. The amount depends on the specific terms and conditions of each fund.

We use Non-Fee-Generating AUM combined with Fee-Generating AUM as a performance measure of our funds’ investment activities, as well as to monitor fund size in relation to professional resource and infrastructure needs. Non-Fee-Generating AUM includes assets on which we could earn carried interest income;

“capital deployed” or “deployment” is the aggregate amount of capital that has been invested during a given period (which may, in certain cases, include leverage) by (i) our drawdown funds, (ii) SIAs that have a defined maturity date and (iii) funds and SIAs in our real estate debt strategy;

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

“Contributing Partners” refer to those of our partners and their related parties (other than our Managing Partners) who indirectly beneficially own (through Holdings) Apollo Operating Group units;

“drawdown” refers to commitment-based funds and certain SIAs in which investors make a commitment to provide capital at the formation of such funds and SIAs and deliver capital when called as investment opportunities become available. It includes assets of Athene Holding Ltd. (“Athene Holding”) and its subsidiaries (collectively “Athene”) managed by Athene Asset Management, L.P. (“Athene Asset Management”) that are invested in commitment-based funds;

“gross IRR” of a private equity fund represents the cumulative investment-related cash flows in the fund itself (and not any one investor in the fund) on the basis of the actual timing of investment inflows and outflows (for unrealized investments assuming disposition on December 31, 2015 or other date specified) aggregated on a gross basis quarterly, and the return is annualized and compounded before management fees, carried interest and certain other fund expenses (including interest incurred by the fund itself) and measures the returns on the fund’s investments as a whole without regard to whether all of the returns would, if distributed, be payable to the fund’s investors;

“gross IRR” of a credit fund represents the annualized return of a fund based on the actual timing of all cumulative fund cash flows before management fees, carried interest income allocated to the general partner and certain other fund expenses. Calculations may include certain investors that do not pay fees. The terminal value is the net asset value as of the reporting date. Non-U.S. dollar denominated (“USD”) fund cash flows and residual values are converted to USD using the spot rate as of the reporting date;

“gross IRR” of a real estate fund represents the cumulative investment-related cash flows in the fund itself (and not any one investor in the fund), on the basis of the actual timing of cash inflows and outflows (for unrealized investments assuming disposition on December 31, 2015 or other date specified) starting on the date that each investment closes, 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. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date;

“gross return” of a credit or real estate fund is the monthly or quarterly time-weighted return that is equal to the percentage change in the value of a fund’s portfolio, adjusted for all contributions and withdrawals (cash flows) before the effects of management fees, incentive fees allocated to the general partner, or other fees and expenses. Returns of Athene sub-advised portfolios and CLOs represent the gross returns on invested assets, which exclude cash. Returns over multiple periods are calculated by geometrically linking each period’s return over time;

“Holdings” means AP Professional Holdings, L.P., a Cayman Islands exempted limited partnership through which our Managing Partners and Contributing Partners indirectly beneficially own their interests in the Apollo Operating Group units;

“inflows” represents (i) at the individual segment level, subscriptions, commitments, and other increases in available capital, such as acquisitions or leverage, net of inter-segment transfers, and (ii) on an aggregate basis, the sum of inflows across the private equity, credit and real estate segments;

“IRS” refers to the Internal Revenue Service;

“liquid/performing” includes CLOs and other performing credit vehicles, hedge fund style credit funds, structured credit funds and SIAs, as well as sub-advised managed accounts owned by or related to Athene. Certain commitment-based SIAs are included as the underlying assets are liquid;

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

“net IRR” of a private equity fund means the gross IRR, including returns for related parties which may not pay fees or carried interest, net of management fees, certain fund expenses (including interest incurred by the fund itself) and realized carried interest all offset to the extent of interest income, and measures returns 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 of the fund, thereby reducing the balance attributable to fund investors. Net IRR does not represent the return to any fund investor;

“net IRR” of a credit fund represents the annualized return of a fund after management fees, carried interest income allocated to the general partner and certain other fund expenses, calculated on investors that pay such fees. The terminal value is the net asset value as of the reporting date. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date;

“net IRR” of a real estate fund represents the cumulative cash flows in the fund (and not any one investor in the fund), on the basis of the actual timing of cash inflows received from and outflows paid to investors of the fund (assuming the ending net asset value as of December 31, 2015 or other date specified is paid to investors), excluding certain non-fee and non-carry bearing parties, and the return is annualized and compounded after management fees, carried interest, and certain other expenses (including interest incurred by the fund itself) and measures the returns to investors of the fund as a whole. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date;

“net return” of a credit or real estate fund represents the gross return after management fees, incentive fees allocated to the general partner, or other fees and expenses. Returns of Athene sub-advised portfolios and CLOs represent the gross or net returns on invested assets, which exclude cash. Returns over multiple periods are calculated by geometrically linking each period’s return over time;

“our manager” means AGM Management, LLC, a Delaware limited liability company that is controlled by our Managing Partners;

“permanent capital vehicles” refers to (a) assets that are managed by Athene Asset Management and Athene Deutschland and its subsidiaries (“Athene Germany”), (b) assets that are owned by or related to MidCap FinCo Limited (“MidCap”) and managed by Apollo Capital Management, L.P., (c) assets of publicly traded vehicles managed by Apollo such as AP Alternative Assets, L.P. (“AAA”), Apollo Investment Corporation (“AINV”), Apollo Commercial Real Estate Finance, Inc. (“ARI”), Apollo Residential Mortgage, Inc. (“AMTG”), Apollo Tactical Income Fund Inc. (“AIF”), and Apollo Senior Floating Rate Fund Inc. (“AFT”), in each case 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 and (d) a non-traded business development company sub-advised by Apollo. The investment management arrangements of AINV, AIF and AFT have one year terms, are reviewed annually and remain in effect only if approved by the boards of directors of such companies or by the affirmative vote of the holders of a majority of the outstanding voting shares of such companies, including in either case, approval by a majority of the directors who are not “interested persons” as defined in the Investment Company Act of 1940. In addition, the investment management arrangements of AINV, AIF and AFT may be terminated in certain circumstances upon 60 days’ written notice. The investment management arrangements of ARI and AMTG have one year terms and are reviewed annually by each company’s board of directors and may be terminated under certain circumstances by an affirmative vote of at least two-thirds of such company’s independent directors. The investment management arrangements between MidCap and Apollo Capital Management, L.P. and Athene and Athene Asset Management, may also be terminated under certain circumstances;

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

“Realized Value” refers to all cash investment proceeds received by the relevant Apollo fund, including interest and dividends, but does not give effect to management fees, expenses, incentive compensation or carried interest to be paid by such Apollo fund;

“Remaining Cost” represents the initial investment of the general partner and limited partner investors in a fund, reduced for any return of capital distributed to date, excluding management fees, expenses, and any accrued preferred return;

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

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“Total Invested Capital” refers to the aggregate cash invested by the relevant Apollo fund and includes capitalized costs relating to investment activities, if any, but does not give effect to cash pending investment or available for reserves;

“Total Value” represents the sum of the total Realized Value and Unrealized Value of investments;

“traditional private equity fund appreciation (depreciation)” refers to gain (loss) and income for the traditional private equity funds (i.e., Funds I-VIII, each as defined in the notes to the consolidated financial statements) for the periods presented on a total return basis before giving effect to fees and expenses. The performance percentage is determined by dividing (a) the change in the fair value of investments over the period presented, minus the change in invested capital over the period presented, plus the realized income for the period presented, by (b) the beginning unrealized value for the period presented plus the change in invested capital for the period presented; and

“Unrealized Value” refers to the fair value consistent with valuations determined in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”), for investments not yet realized and may include pay in kind, accrued interest and dividends receivable, if any. In addition, amounts include committed and funded amounts for certain investments.



**PART I.**

**ITEM 1. BUSINESS**

**Overview**

Founded in 1990, Apollo is a leading global alternative investment manager. We are a contrarian, value-oriented investment manager in private equity, credit and real estate, with significant distressed investment expertise. We have a flexible mandate in many of the funds we manage which enables our funds to invest opportunistically across a company's capital structure. We raise, invest and manage funds on behalf of some of the world's most prominent pension, endowment and sovereign wealth funds, as well as other institutional and individual investors. As of December 31, 2015, we had total AUM of \$170 billion, including approximately \$38 billion in private equity, \$121 billion in credit and \$11 billion in real estate. We have consistently produced attractive long-term investment returns in our private equity funds, generating a 39% gross IRR and a 25% net IRR on a compound annual basis from inception through December 31, 2015.

Apollo is led by our Managing Partners, Leon Black, Joshua Harris and Marc Rowan, who have worked together for more than 25 years and lead a team of 945 employees, including 353 investment professionals, as of December 31, 2015. This team possesses a broad range of transaction, financial, managerial and investment skills. We have offices in New York, Los Angeles, Houston, Chicago, Bethesda, Toronto, London, Frankfurt, Madrid, Luxembourg, Mumbai, Delhi, Singapore, Hong Kong and Shanghai. We operate our private equity, credit and real estate investment management businesses in a highly integrated manner, which we believe distinguishes us from other alternative investment managers. Our investment professionals frequently collaborate across disciplines. We believe that this collaboration, including market insight, management, banking and consultant contacts, and investment opportunities, enables the funds we manage to more successfully invest across a company's capital structure. This platform and the depth and experience of our investment team have enabled us to deliver strong long-term investment performance for our funds throughout a range of economic cycles.

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

- our willingness to pursue investments in industries that our competitors typically avoid;
- the often complex structures employed in some of the investments of our funds, including our willingness to pursue difficult corporate carve-out transactions;
- our experience investing during periods of uncertainty or distress in the economy or financial markets when many of our competitors simply reduce their investment activity;
- our orientation towards sole sponsored transactions when other firms have opted to partner with others; and
- our willingness to undertake transactions that have substantial business, regulatory or legal complexity.

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

We rely on our deep industry, credit and financial structuring experience, coupled with our strengths as a value-oriented, distressed investment manager, to deploy significant amounts of new capital within challenging economic environments. Our approach towards investing in distressed situations often requires our funds to purchase particular debt securities as prices are declining, since this allows us both to reduce our funds' average cost and accumulate sizable positions which may enhance our ability to influence any restructuring plans and maximize the value of our funds' distressed investments. As a result, our investment approach may produce negative short-term unrealized returns in certain of the funds we manage. However, we concentrate on generating attractive, long-term, risk-adjusted realized returns for our fund investors, and we therefore do not overly depend on short-term results and quarterly fluctuations in the unrealized fair value of the holdings in our funds.

In addition to deploying capital in new investments, we seek to enhance value in the investment portfolios of the funds we manage. We have relied on our transaction, restructuring and credit experience to work proactively with our private equity funds' portfolio company management teams to identify and execute strategic acquisitions, joint ventures, and other transactions, generate cost and working capital savings, reduce capital expenditures, and optimize capital structures through several means such as debt exchange offers and the purchase of portfolio company debt at discounts to par value.

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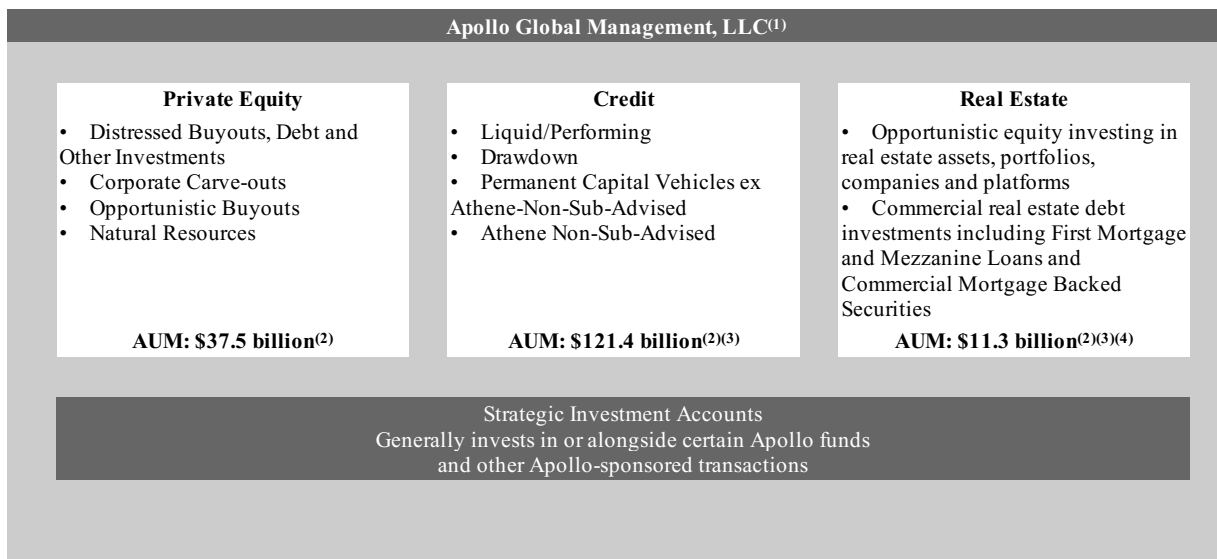
We have grown our total AUM at a 23% compound annual growth rate from December 31, 2005 to December 31, 2015. In addition, we benefit from mandates with long-term capital commitments in our private equity, credit and real estate businesses. Our long-lived capital base allows us to invest our funds' assets with a long-term focus, which is an important component in generating attractive returns for our fund investors. We believe the long-term capital we manage also leaves us well-positioned during economic downturns, when the fundraising environment for alternative assets has historically been more challenging than during periods of economic expansion. As of December 31, 2015, more than 90% of our AUM was in funds with a contractual life at inception of seven years or more, and 49% of our AUM was in permanent capital vehicles.

We expect our growth in AUM to continue over time by seeking to create value in our funds' existing private equity, credit and real estate investments, continuing to deploy our funds' available capital in what we believe are attractive investment opportunities, and raising new funds and investment vehicles as market opportunities present themselves. See "Item 1A. Risk Factors—Risks Related to Our Businesses—We may not be successful in raising new funds or in raising more capital for certain of our funds and may face pressure on carried interest and fee arrangements of our future funds."

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

**Our Businesses**

We have three business segments: private equity, credit and real estate. The diagram below summarizes our current businesses:



(1) All data is as of December 31, 2015.

(2) See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

(3) Includes funds that are denominated in Euros and translated into U.S. dollars at an exchange rate of €1.00 to \$1.09 as of December 31, 2015.

(4) Includes funds that are denominated in pound sterling and translated into U.S. dollars at an exchange rate of £1.00 to \$1.47 as of December 31, 2015.

## **Private Equity**

As a result of our long history of private equity investing across market cycles, we believe we have developed a unique set of skills on which we rely to make new investments and to maximize the value of our existing investments. As an example, through our experience with traditional private equity buyouts, which we also refer to herein as buyout equity, we apply a highly disciplined approach towards structuring and executing transactions, the key tenets of which include seeking to acquire companies at below industry average purchase price multiples, and establishing flexible capital structures with long-term debt maturities and few, if any, financial maintenance covenants.

We believe we have a demonstrated ability to adapt quickly to changing market environments and capitalize on market dislocations through our traditional, distressed and corporate buyout approach. In prior periods of strained financial liquidity and economic recession, our private equity funds have made attractive investments by buying the debt of quality businesses (which we refer to as “classic” distressed debt), converting that debt to equity, seeking to create value through active participation with management and ultimately monetizing the investment. This combination of traditional and corporate buyout investing with a “distressed option” has been deployed through prior economic cycles and has allowed our funds to achieve attractive long-term rates of return in different economic and market environments. In addition, during prior economic downturns we have relied on our restructuring experience and worked closely with our funds’ portfolio companies to seek to maximize the value of our funds’ investments.

We seek to focus on investment opportunities where competition is limited or non-existent. We believe we are often sought out early in the investment process because of our industry expertise, sizable amounts of available long-term capital, willingness to pursue investments in complicated situations and ability to provide value-added advice to portfolio companies regarding operational improvements, acquisitions and strategic direction. We generally prefer sole sponsored transactions and since inception through December 31, 2015, approximately 75% of the investments made by our private equity funds have been proprietary in nature. We believe that by emphasizing our proprietary sources of deal flow, our private equity funds will be able to acquire businesses at more compelling valuations which will ultimately create a more attractive risk/reward proposition. As of December 31, 2015, our private equity segment had total and Fee-Generating AUM of approximately \$37.5 billion and \$29.3 billion, respectively.

### ***Distressed Buyouts, Debt and Other Investments***

During periods of market dislocation and volatility, we rely on our credit and capital markets expertise to build positions in distressed debt. We target assets with what we believe are high-quality operating businesses but low-quality balance sheets, consistent with our traditional buyout strategies. The distressed securities our funds purchase include bank debt, public high-yield debt and privately held instruments, often with significant downside protection in the form of a senior position in the capital structure, and in certain situations our funds also provide debtor-in-possession financing to companies in bankruptcy. Our investment professionals generate these distressed buyout and debt investment opportunities based on their many years of experience in the debt markets, and as such they are generally proprietary in nature.

We believe distressed buyouts and debt investments represent a highly attractive risk/reward profile. Our funds’ investments in debt securities have generally resulted in two outcomes. The first and preferred potential outcome, which we refer to as a distressed for control investment, is when our funds are successful in taking control of a company through its investment in the distressed debt. By working proactively through the restructuring process, we are often able to equitize the debt position of our funds to create a well-financed buyout which would then typically be held by the fund for a three-to-five year period, similar to other traditional leveraged buyout transactions. The second potential outcome, which we refer to as a non-control distressed investment is when our funds do not gain control of the company. This typically occurs as a result of an increase in the price of the debt investments to levels which are higher than what we consider to be an attractive acquisition valuation. In these instances, we may forgo seeking control, and instead our funds may seek to sell the debt investments over time, typically generating a higher short-term IRR with a lower multiple of invested capital than in the case of a typical distressed for control transaction. We believe that we are a market leader in distressed investing and that this is one of the key areas that differentiates us from our peers.

We also maintain the flexibility to deploy capital of our private equity funds in other types of investments such as the creation of new companies, which allows us to leverage our deep industry and distressed expertise and collaborate with experienced management teams to seek to capitalize on market opportunities that we have identified, particularly in asset-intensive industries that are in distress. In these types of situations, we have the ability to establish new entities that can acquire distressed assets at what we believe are attractive valuations without the burden of managing an existing portfolio of legacy assets. Other investments, such as the creation of new companies, historically have not represented a large portion of our overall investment activities, although our private equity funds do make these types of investments selectively.

### ***Corporate Carve-outs***

Corporate Carve-outs are less market-dependent than distressed investing, but are equally complicated. In these transactions, Apollo funds seek to extract a business that is highly integrated within a larger corporate parent to create a stand-alone business. These are labor-intensive transactions, which we believe require deep industry knowledge, patience and creativity, to unlock value that has largely been overlooked or undermanaged. Importantly, because of the highly negotiated nature of many of these transactions, Apollo believes it is often difficult for the seller to run a competitive process, which ultimately allows Apollo funds to achieve compelling purchase prices.

### ***Opportunistic Buyouts***

We have extensive experience completing leveraged buyouts across various market cycles. We take an opportunistic and disciplined approach to these transactions, generally avoiding highly competitive situations in favor of proprietary transactions where there may be opportunities to purchase a company at a discount to prevailing market averages. Oftentimes, we will focus on complex situations such as out-of-favor industries or “broken” (or discontinued) sales processes where the inherent value may be less obvious to potential acquirers. In the case of more conventional buyouts, we seek investment opportunities where we believe our focus on complexity and sector expertise will provide us with a significant competitive advantage, whereby we can leverage our knowledge and experience from the nine core industries in which our investment professionals have historically invested private equity capital. We believe such knowledge and experience can result in our ability to find attractive opportunities for our funds to acquire portfolio company investments at lower purchase price multiples.

To further alter the risk/reward profile in our funds’ favor, we often focus on certain types of buyouts such as physical asset acquisitions and investments in non-correlated assets where underlying values tend to change in a manner that is independent of broader market movements. In the case of physical asset acquisitions, our private equity funds seek to acquire physical assets at discounts to where those assets trade in the financial markets, and to lock in that value arbitrage through comprehensive hedging and structural enhancements.

We believe buyouts of non-correlated assets or businesses also represent attractive investments since they are generally less correlated to the broader economy and provide an element of diversification to our funds’ overall portfolio of private equity investments.

### ***Natural Resources***

In addition to our traditional private equity funds which pursue opportunities in nine core industries, one of which is natural resources, we have two dedicated private equity natural resources funds. In 2011, we established our first dedicated private equity natural resources fund, Apollo Natural Resources Partners, L.P. (together with its alternative investment vehicles, “ANRP I”) and assembled a team of dedicated investment professionals to capitalize on private equity investment opportunities in the natural resources industry, principally in the metals and mining, energy and select other natural resources sectors. In 2015, we launched our second natural resources fund, Apollo Natural Resources II, L.P. (together with its alternative investment vehicles, “ANRP II”). We believe we can source and execute compelling, value-oriented investment opportunities for our funds irrespective of the commodity price environment.

### ***AP Alternative Assets, L.P.***

We also manage AAA, a publicly listed permanent capital vehicle. The sole investment held by AAA is its investment in AAA Investments, L.P. (“AAA Investments”). AAA Investments is the largest equity holder of Athene Holding.

AAA is a Guernsey limited partnership whose partners are comprised of (i) AAA Guernsey Limited (“AAA Guernsey”), which holds 100% of the general partner interests in AAA, and (ii) the holders of common units representing limited partner interests in AAA. The common units are non-voting and are listed on NYSE Euronext in Amsterdam under the symbol “AAA”. AAA Guernsey is a Guernsey limited company and is owned 55% by an individual who is not an affiliate of Apollo and 45% by Apollo Principal Holdings III, L.P., an indirect subsidiary of Apollo. AAA Guernsey is responsible for managing the business and affairs of AAA. AAA generally makes all of its investments through AAA Investments, of which AAA is the sole limited partner. Athene Holding is AAA Investments’ only investment.

***Building Value in Portfolio Companies***

We are a “hands-on” investor organized around nine core industries where we believe we have significant knowledge and expertise, and we remain actively engaged with the management teams of the portfolio companies of our private equity funds. We have established relationships with operating executives that assist in the diligence review of new opportunities and provide strategic and operational oversight for portfolio investments. We actively work with the management of each of the portfolio companies of the funds we manage to maximize the underlying value of the business. To achieve this, we take a holistic approach to value-creation, concentrating on both the asset side and liability side of the balance sheet of a company. On the asset side of the balance sheet, Apollo works with management of the portfolio companies to enhance the operations of such companies. Our investment professionals assist portfolio companies in rationalizing non-core and underperforming assets, generating cost and working capital savings, and maximizing liquidity. On the liability side of the balance sheet, Apollo relies on its deep credit structuring experience and works with management of the portfolio companies to help optimize the capital structure of such companies through proactive restructuring of the balance sheet to address near-term debt maturities. The companies in which our private equity funds invest also seek to capture discounts on publicly traded debt securities through exchange offers and potential debt buybacks. In addition, we have established a group purchasing program to help our funds' portfolio companies leverage the combined corporate spending among Apollo and portfolio companies of the funds it manages in order to seek to reduce costs, optimize payment terms and improve service levels for all program participants.

***Exiting Investments***

The value of the investments that have been made by our funds are typically realized through either an initial public offering of common stock on a nationally recognized exchange or through the private sale of the companies in which our funds have invested. We believe the advantage of having long-lived funds and investment discretion is that we are able to time our funds' exit to maximize value.

***Private Equity Fund Holdings***

The following table presents a list of certain significant portfolio companies of our private equity funds as of December 31, 2015:

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Company	Year of Initial Investment	Fund(s)	Buyout Type	Industry	Region
Amissima	2015	Fund VIII	Corporate Carve-Out	Financial & Business Services	Western Europe
CH2M Hill	2015	Fund VIII	Opportunistic Buyout	Financial & Business Services	North America
Presidio	2015	Fund VIII	Opportunistic Buyout	Financial & Business Services	North America
Protection 1	2015	Fund VIII	Opportunistic Buyout	Manufacturing & Industrial	North America
RegionalCare	2015	Fund VIII	Opportunistic Buyout	Consumer & Retail	North America
Tranquilidade	2015	Fund VIII	Opportunistic Buyout	Financial & Business Services	Western Europe
Vectra	2015	Fund VIII	Corporate Carve-Out	Manufacturing & Industrial	North America
Ventia	2015	Fund VIII	Opportunistic Buyout	Financial & Business Services	Australia
Verallia	2015	Fund VIII	Corporate Carve-Out	Manufacturing & Industrial	Western Europe
CEC Entertainment	2014	Fund VIII	Opportunistic Buyout	Media, Cable & Leisure	North America
Caelus Energy Alaska	2014	Fund VIII / ANRP	Corporate Carve-Out	Natural Resources	North America
Double Eagle II	2014	ANRP /ANRP II	Opportunistic Buyout	Natural Resources	North America
Express Energy Services	2014	Fund VIII / ANRP	Opportunistic Buyout	Natural Resources	North America
Jupiter Resources	2014	Fund VIII / ANRP	Corporate Carve-out	Natural Resources	North America
American Gaming Systems	2013	Fund VIII	Opportunistic Buyout	Media, Cable & Leisure	North America
Aurum	2013	Fund VII	Opportunistic Buyout	Consumer & Retail	Western Europe
Hostess	2013	Fund VII	Corporate Carve-out	Consumer & Retail	North America
McGraw-Hill Education	2013	Fund VII	Corporate Carve-out	Media, Cable & Leisure	North America
EP Energy	2012	Fund VII & ANRP	Corporate Carve-out	Natural Resources	North America
Pinnacle	2012	Fund VII & ANRP	Opportunistic Buyout	Natural Resources	North America
Talos	2012	Fund VII & ANRP	Opportunistic Buyout	Natural Resources	North America
Endemol Shine	2011	Fund VII	Distressed Buyout	Media, Cable & Leisure	Global
Welspun	2011	Fund VII & ANRP	Opportunistic Buyout	Natural Resources	India
Gala Coral Group	2010	Fund VII & VI	Distressed Buyout	Media, Cable & Leisure	Western Europe
Caesars Entertainment <sup>(1)</sup>	2008	Fund VI	Opportunistic Buyout	Media, Cable & Leisure	North America
Norwegian Cruise Line	2008	Fund VII / VI	Opportunistic Buyout	Media, Cable & Leisure	North America
Claire's	2007	Fund VI	Opportunistic Buyout	Consumer & Retail	Global
CEVA Logistics	2006	Fund VI	Corporate Carve-out	Distribution & Transportation	Western Europe
Momentive Performance Materials	2006	Fund VI	Corporate Carve-out	Chemicals	North America
Hexion	Various	Fund IV & V	Corporate Carve-out	Chemicals	North America
Debt Investment Vehicles	Various	Various	Debt Investments	Various	Various

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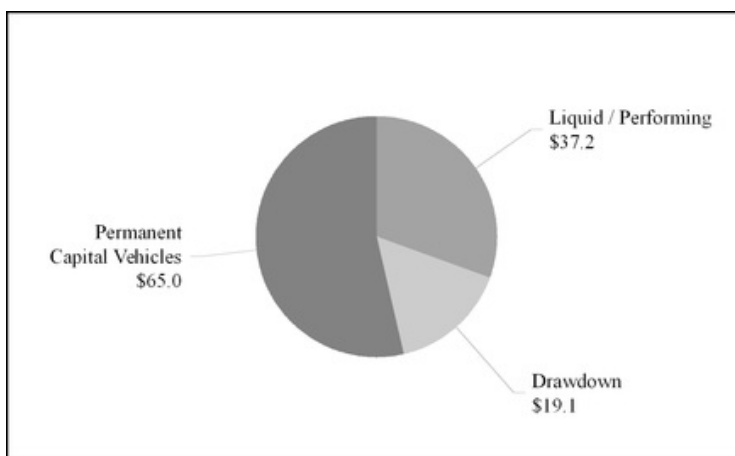
Note: The table above includes portfolio companies of Apollo Investment Fund IV, L.P. (together with its parallel funds, “Fund IV”), Apollo Investment Fund V, L.P. (together with its parallel funds and alternative investment vehicles, “Fund V”), Apollo Investment Fund VI L.P. (together with its parallel funds and alternative investment vehicles, “Fund VI”), Apollo Investment Fund VII, L.P. (together with its parallel funds and alternative investment vehicles, “Fund VII”), Apollo Investment Fund VIII, L.P. (together with its parallel funds and alternative investment vehicles, “Fund VIII”) and ANRP I, ANRP II and AION Capital Partners Limited (“AION”) with a remaining value greater than \$100 million, excluding the value associated with any portion of such private equity funds' portfolio company investments held by co-investment vehicles.

(1) Includes investment in Caesars Entertainment Corp. and Caesars Acquisition Company.

**Credit**

Since Apollo’s founding in 1990, we believe our expertise in credit has served as an integral component of our company’s growth and success. Our credit-oriented approach to investing commenced in 1990 with the management of a high-yield bond and leveraged loan portfolio. Since that time, our credit activities have grown significantly, through both organic growth and strategic acquisitions. As of December 31, 2015, Apollo’s credit segment had total AUM and Fee-Generating AUM of \$121.4 billion and \$101.5 billion, respectively, across a diverse range of credit-oriented investments that utilize the same disciplined, value-oriented investment philosophy that we employ with respect to our private equity funds. Apollo’s broad credit platform, which we believe is adaptable to evolving market conditions and different risk tolerances, is categorized as follows:

**Credit AUM as of December 31, 2015**  
(in billions)



***Liquid/Performing***

Our liquid/performing category within the credit segment generally includes funds and accounts where the underlying assets are liquid in nature and/or have some form of periodic redemption right. Liquid/performing includes a variety of hedge funds, CLOs and SIAs that utilize a range of investment strategies including performing credit, structured credit, and liquid opportunistic credit. Performing credit strategies focus on income-oriented, senior loan and bond investment strategies that target issuers primarily domiciled in the U.S. and in Europe. Structured credit strategies target multiple tranches of structured securities with favorable and protective lending terms, predictable payment schedules, well diversified portfolios and low default rates. Liquid opportunistic strategies primarily focus on credit investments that are generally liquid in nature and that utilize a similar value-oriented investment philosophy as our private equity business. This includes investments by our credit funds in a broad array of primary and secondary opportunities encompassing stressed and distressed public and private securities primarily within corporate credit, including senior loans (secured and unsecured), high yield, mezzanine, derivative securities, debtor in possession financings, rescue or bridge financings, and other debt investments. In aggregate, our AUM and Fee-Generating AUM within the liquid/performing category totaled \$37.2 billion and \$30.6 billion, respectively, as of December 31, 2015.

### ***Hedge Funds***

Hedge Funds includes Apollo Credit Strategies Master Fund Ltd., Apollo Credit Master Fund Ltd., Apollo Credit Short Opportunities Fund and Apollo Value Strategic Fund, L.P. Collectively, our credit hedge fund AUM and Fee-Generating AUM totaled \$7.1 billion and \$2.6 billion, respectively, as of December 31, 2015. Our credit hedge funds may utilize a mix of the investment strategies outlined above. Investments in these funds may be made on a long or short basis and employ leverage to finance the acquisition of various credit investments. Accordingly, the difference between AUM and Fee-Generating AUM for hedge funds is driven by non-fee paying leverage.

### ***CLOs***

CLOs includes more than 20 internally managed CLOs focused within the U.S. and Europe. In aggregate, our AUM and Fee-Generating AUM in CLOs totaled \$13.4 billion as of December 31, 2015. Through their lifecycle, CLOs employ structured credit and performing credit strategies with the goal of providing investors with competitive yields achieved through highly diversified pools of historically low defaulting assets.

### ***SIAs / Other***

SIAs / Other includes a diverse group of separately managed accounts and certain commitment-based funds where the underlying assets are liquid and generally employ a mix of performing credit, structured credit, and liquid opportunistic credit investment strategies. In aggregate, our AUM and Fee-Generating in SIAs and other accounts totaled \$16.7 billion and \$14.6 billion as of December 31, 2015, respectively. The managed accounts comprising the majority of AUM and Fee-Generating AUM within this subcategory are customized according to an investor's specified risk and target return preferences.

### ***Drawdown***

Our drawdown category within the credit segment generally includes commitment-based funds and certain SIAs in which investors make a commitment to provide capital at the formation of such funds and deliver capital when called as investment opportunities become available. Drawdown comprises our fund series' including Credit Opportunity Funds, European Principal Finance Funds, and Structured Credit Funds, including Financial Credit Investment Funds and Structured Credit Recovery Funds, as well as other commitment-based funds not included within a series of funds and certain SIAs. Drawdown funds and SIAs utilize a range of investment strategies including illiquid opportunistic, principal finance, and structured credit strategies. In aggregate, our AUM and Fee-Generating AUM within the drawdown category totaled \$19.1 billion and \$11.1 billion, respectively, as of December 31, 2015.

### ***Credit Opportunity Funds ("COF")***

The Credit Opportunity Fund series primarily employs our illiquid opportunistic investment strategy, which focuses on credit investments that are less liquid in nature and that utilize a similar value-oriented investment philosophy as our private equity business. This includes investments in a broad array of primary and secondary opportunities encompassing stressed and distressed public and private securities primarily within corporate credit, including senior loans (secured and unsecured), high yield, mezzanine, debtor in possession financings, rescue or bridge financings, and other debt investments. Additionally, for certain illiquid opportunistic investments our underwriting process may result in selective and at times concentrated investments by the funds in the various industries on which we focus. In certain cases, leverage can be employed in connection with this strategy by having fund subsidiaries or special-purpose vehicles incur debt or by entering into credit facilities or other debt transactions to finance the acquisition of various credit investments. Our AUM and Fee-Generating AUM within the Credit Opportunity Funds totaled \$3.5 billion and \$2.3 billion, respectively, as of December 31, 2015.

### ***European Principal Finance Funds ("EPF")***

The European Principal Finance Fund series primarily employs our principal finance investment strategy, which is utilized to invest in European commercial and residential real estate, performing loans, non-performing loans, and unsecured consumer loans, as well as acquiring assets as a result of distressed market situations. Certain of the EPF investment vehicles we manage own captive pan-European financial institutions, loan servicing and property management platforms. These entities perform banking and lending activities and manage and service consumer credit receivables and loans secured by commercial and residential properties. In aggregate, these financial institutions, loan servicing, and property management platforms operate in five European countries and employed approximately 1,600 individuals as of December 31, 2015. We believe the post-investment loan servicing and real estate asset management requirements, combined with the illiquid nature of these investments, limits participation by traditional long-only investors, hedge funds, and private equity funds, resulting in what we believe to be an opportunity for our credit business. Our AUM and Fee-Generating AUM within the European Principal Finance Funds totaled \$4.3 billion and \$3.3 billion, respectively, as of December 31, 2015.



***Structured Credit Funds - FCI and SCRF***

Our Structured Credit Funds include the Financial Credit Investment Fund series (“FCI”) and the Structured Credit Recovery Fund series (“SCRF”). Collectively, the Structured Credit Funds employ our structured credit investing strategy, which targets multiple tranches of less liquid structured securities with favorable and protective lending terms, predictable payment schedules, well-diversified portfolios and low default rates. Our AUM and Fee-Generating AUM within Structured Credit Funds totaled \$4.2 billion and \$2.4 billion, respectively, as of December 31, 2015.

***Permanent Capital Vehicles - Credit***

Our permanent capital vehicles category within the credit segment generally includes pools of assets which are not subject to redemption and are generally associated with long term asset management or advisory contracts. This category is comprised of (a) Athene Asset Management and an affiliate of Apollo which provides advisory services to Athene Germany; (b) assets that are owned by or related to Midcap and managed by Apollo Capital Management, L.P.; (c) assets of certain publicly traded vehicles managed by Apollo such as AINV, AMTG, AIF, and AFT and (d) a non-traded business development company sub-advised by Apollo. The permanent capital vehicles within credit utilize a range of investment strategies including performing credit and structured credit as described previously, as well as directly originated credit. Direct origination generally relates to the sourcing of senior credit assets, both secured and unsecured, including asset-backed loans, leveraged loans, mezzanine debt, real estate loans, re-discount loans and venture loans. Directly originated credit is primarily employed by Midcap, AINV, and a non-traded business development company sub-advised by Apollo. In aggregate, our AUM and Fee-Generating AUM within our credit permanent capital vehicles totaled \$65.0 billion and \$60.0 billion, respectively, as of December 31, 2015.

***Permanent Capital Vehicles excluding Athene Non-Sub-Advised Assets***

This category includes all permanent capital vehicles within the credit segment described above except for the portion of Athene Asset Management that is not sub-advised by Apollo or invested in Apollo funds as of December 31, 2015. The AUM and Fee-Generating AUM we managed within the permanent capital vehicles excluding Athene Non-Sub-Advised category totaled \$15.1 billion and \$9.8 billion, respectively, as of December 31, 2015.

***Athene Non-Sub-Advised Assets***

This category includes (i) the assets which are managed by Athene Asset Management but not sub-advised by Apollo nor invested in Apollo funds or Investment Vehicles and (ii) assets related to Athene Germany for which an affiliate of Apollo provides advisory services. We refer to these assets collectively as “Athene Non-Sub-Advised Assets”. Our AUM and Fee-Generating AUM within the Athene Non-Sub-Advised category totaled \$50.0 billion as of December 31, 2015. For additional information, please refer to “—Athene” below

***Athene***

As discussed in the preceding section, permanent capital vehicles within the credit segment includes Athene Asset Management and an affiliate of Apollo which provides advisory services to Athene Germany. As of December 31, 2015, we managed total AUM of \$64.5 billion, all of which was Fee-Generating AUM, with respect to Athene Asset Management and Athene Germany. This amount includes \$14.6 billion of AUM that was either sub-advised by Apollo or invested in funds and investment vehicles managed by Apollo within the credit, real estate, and private equity business segments.

Athene Holding was founded in 2009 to capitalize on favorable market conditions in the dislocated life insurance sector. Athene Holding is the ultimate parent of various insurance company operating subsidiaries. Through its subsidiaries, Athene Holding provides insurance products focused primarily on the retirement market and its business centers primarily on issuing or reinsuring fixed and equity-indexed annuities. Athene is currently one of the largest fixed annuity companies in the United States.

Apollo, through its consolidated subsidiary, Athene Asset Management, provides asset management services to Athene, including asset allocation and portfolio management strategies, and receives fees from Athene Holding for providing such services. As of December 31, 2015, Athene Asset Management managed Athene Holding’s entire investment portfolio, except with respect to the assets of Athene Germany, for which a different Apollo affiliate provides investment advisory services. Athene Asset Management had \$59.5 billion of AUM as of December 31, 2015 in accounts owned by or related to Athene (the “Athene Accounts”), of which approximately \$14.6 billion, or approximately 24.5%, was either sub-advised by Apollo or invested in Apollo funds and investment vehicles. The vast majority of sub-advised assets are in managed accounts that invest in high grade credit asset classes such as CLO debt, commercial mortgage backed securities and insurance-linked securities. We currently expect this percentage to increase over time provided that Athene Asset Management continues to perform successfully in providing asset management services to Athene. Athene Asset Management receives a gross management fee equal to 0.40% per annum on all AUM in the Athene Accounts, with certain limited exceptions for all of the services which Athene Asset Management provides to Athene.

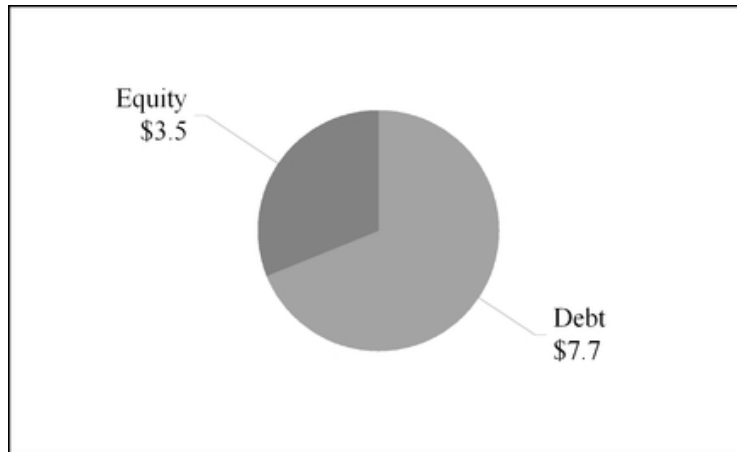
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An affiliate of Apollo provides advisory services to Athene Germany including asset allocation and portfolio management strategies. Athene Germany provides life insurance products to the German market and was acquired by Athene Holding on October 1, 2015. Apollo and its subsidiaries advised Athene with respect to \$5.1 billion of AUM as of December 31, 2015 related to Athene Germany, all of which was Fee-Generating AUM.

**Real Estate**

Our real estate group has a dedicated team of multi-disciplinary real estate professionals whose investment activities are integrated and coordinated with our private equity and credit business segments. We take a broad view of markets and property types in targeting debt and equity investment opportunities, including the acquisition and recapitalization of real estate portfolios, platforms and operating companies and distressed for control situations. As of December 31, 2015, our real estate business had total and fee generating AUM of approximately \$11.3 billion and \$7.3 billion, respectively, through a combination of investment funds, SIAs and Apollo Commercial Real Estate Finance, Inc. (“ARI”), a publicly-traded, commercial mortgage real estate investment trust managed by Apollo.

**Real Estate AUM as of December 31, 2015**  
**(in billions)**



With respect to our real estate funds' equity investments, we take a value-oriented approach and our funds will invest in assets located in primary, secondary and tertiary markets across the United States. The funds we manage pursue opportunistic investments in various real estate asset classes, which historically have included hospitality, office, industrial, retail, healthcare, residential and non-performing loans. Our real estate equity funds under management currently include AGRE U.S. Real Estate Fund, L.P. (“U.S. RE Fund I”) and Apollo U.S. Real Estate Fund II, L.P. (“U.S. RE Fund II”), our U.S. focused, opportunistic funds, and our legacy Citi Property Investors (“CPI”) business, the real estate investment management business we acquired from Citigroup in November 2010. In 2015, we expanded our real estate equity strategy through the acquisition of Venator Real Estate Capital Partners (“Venator”), an Asian focused real estate investment manager. In connection with the transaction, we now manage the Trophy Property Development Fund, a China-focused investment fund.

With respect to our real estate debt activities, our real estate funds and accounts offer financing across a broad spectrum of property types and at various points within a property’s capital structure, including first mortgage and mezzanine financing and preferred equity. In addition to ARI, we also manage strategic accounts focused on investing in commercial mortgage-backed securities and other commercial real estate loans.

## **Strategic Investment Accounts**

We manage several SIAs established to facilitate investments by third-party investors directly in Apollo funds and other securities. Institutional investors are expressing increasing levels of interest in SIAs since these accounts can provide investors with greater levels of transparency, liquidity and control over their investments as compared to more traditional investment funds. Based on the trends we are currently witnessing among a select group of large institutional investors, we expect our AUM that is managed through SIAs to continue to grow over time. As of December 31, 2015, approximately \$17 billion of our total AUM was managed through SIAs.

## **Fundraising and Investor Relations**

We believe our performance track record across our funds and our focus on client service have resulted in strong relationships with our fund investors. Our fund investors include many of the world's most prominent pension and sovereign wealth funds, university endowments and financial institutions, as well as individuals. We maintain an internal team dedicated to investor relations across our private equity, credit and real estate businesses.

In our private equity business, fundraising activities for new funds begin once the investor capital commitments for the current fund are largely invested or committed to be invested. The investor base of our private equity funds includes both investors from prior funds and new investors. In many instances, investors in our private equity funds have increased their commitments to subsequent funds as our private equity funds have increased in size. During the fundraising effort for Fund VIII, investors representing over 92% of Fund VII's capital committed to Fund VIII. In addition, many of our investment professionals commit their own capital to each private equity fund. The single largest unaffiliated investor in Fund VIII represents 5% of Fund VIII's commitments.

During the management of a private equity fund, we maintain an active dialogue with the fund's investors. We host quarterly webcasts that are led by members of our senior management team and we provide quarterly reports to the investors detailing recent performance by investment. We also organize an annual meeting for our private equity funds' investors that consists of detailed presentations by the senior management teams of many of our funds' current investments. From time to time, we also hold meetings for the advisory board members of our private equity funds.

In our credit business, we have raised private capital from prominent institutional investors and have also raised capital from public market investors, as in the case of AINV, AFT, AIF and AMTG. AINV is listed on the NASDAQ Global Select Market and complies with the reporting requirements of that exchange. AFT, AIF and AMTG are listed on the NYSE and comply with the reporting requirements of that exchange.

In our real estate business, we have raised capital from prominent institutional investors and we have also raised capital from public market investors, as in the case of ARI. ARI is listed on the NYSE and complies with the reporting requirements of that exchange.

## **Investment Process**

We maintain a rigorous investment process and a comprehensive due diligence approach across all of our funds. We have developed policies and procedures, the adequacy of which are reviewed annually, that govern the investment practices of our funds. Moreover, each fund is subject to certain investment criteria set forth in its governing documents that generally contain requirements and limitations for investments, such as limitations relating to the amount that will be invested in any one company and the geographic regions in which the fund will invest. Our investment professionals are familiar with our investment policies and procedures and the investment criteria applicable to the funds that they manage. Our investment professionals interact frequently across our businesses on a formal and informal basis.

We have in place certain procedures to allocate investment opportunities among our funds. These procedures are meant to ensure that each fund is treated fairly and that transactions are allocated in a way that is equitable, fair and in the best interests of each fund, subject to the terms of the governing agreements of such funds.

### ***Private Equity Investment Process***

Our private equity investment professionals are responsible for selecting, evaluating, structuring, due diligence, negotiating, executing, monitoring and exiting investments for our traditional private equity funds, as well as pursuing operational improvements in our funds' portfolio companies through management consulting arrangements. These investment professionals perform significant research into each prospective investment, including a review of the company's financial statements, comparisons with other public and private companies and relevant industry data. The due diligence effort will also typically include:

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- on-site visits;
- interviews with management, employees, customers and vendors of the potential portfolio company;
- research relating to the company's management, industry, markets, products and services, and competitors; and
- background checks.

After an initial selection, evaluation and diligence process, the relevant team of investment professionals will prepare a detailed analysis of the investment opportunity for our private equity investment committee. Our private equity investment committee generally meets weekly to review the investment activity and performance of our private equity funds.

After discussing the proposed transaction with the deal team, the investment committee will decide whether to give its preliminary approval to the deal team to continue the selection, evaluation, diligence and negotiation process. The investment committee will typically conduct several meetings to consider a particular investment before finally approving that investment and its terms. Both at such meetings and in other discussions with the deal team, our Managing Partners and other investment professionals will provide guidance to the deal team on strategy, process and other pertinent considerations. Every private equity investment requires the approval of our Managing Partners.

Our private equity investment professionals are responsible for monitoring an investment once it is made and for making recommendations with respect to exiting an investment. Disposition decisions made on behalf of our private equity funds are subject to review and approval by the private equity investment committee, including our Managing Partners.

### ***Credit and Real Estate Investment Process***

Our credit and real estate investment professionals are responsible for selecting, evaluating, structuring, due diligence, negotiating, executing, monitoring and exiting investments for our credit funds and real estate funds, respectively. The investment professionals perform significant research into and due diligence of each prospective investment, and prepare analyses of recommended investments for the investment committee of the relevant fund.

Investment decisions are scrutinized by the investment committees where applicable, who review potential transactions, provide input regarding the scope of due diligence and approve recommended investments and dispositions. Close attention is given to how well a proposed investment is aligned with the distinct investment objectives of the fund in question, which in many cases have specific geographic or other focuses. The investment committee of each of our credit funds and real estate funds generally is provided with a summary of the investment activity and performance of the relevant funds on at least a monthly basis.

### ***Overview of Fund Operations***

Investors in our private equity funds and certain of our credit and real estate funds make commitments to provide capital at the outset of a fund and deliver capital when called by us as investment opportunities become available. We determine the amount of initial capital commitments for such funds by taking into account current market opportunities and conditions, as well as investor expectations. The general partner's capital commitment is determined through negotiation with the fund's underlying investor base. The commitments are generally available for approximately six years during what we call the investment period. We have typically invested the capital committed to such funds over a three to four year period. Generally, as each investment is realized, these funds first return the capital and expenses related to that investment and any previously realized investments to fund investors and then distribute any profits. These profits are typically shared 80% to the investors in our private equity funds and 20% to us so long as the investors receive at least an 8% compounded annual return on their investment, which we refer to as a "preferred return" or "hurdle." Allocation of profits between fund investors and us, as well as the amount of the preferred return, among other provisions, varies for our real estate equity and many of our credit funds. Our private equity funds typically terminate ten years after the final closing, subject to the potential for two one-year extensions. Dissolution of those funds can be accelerated upon a majority vote of investors not affiliated with us and, in any case, all of our funds also may be terminated upon the occurrence of certain other events. Ownership interests in our private equity funds and certain of our credit and real estate funds are not, however, subject to redemption prior to termination of the funds.

The processes by which our credit and real estate funds receive and invest capital vary by type of fund. As noted above, certain of our credit and real estate funds have drawdown structures where investors made a commitment to provide capital at the formation of such funds and deliver capital when called by us as investment opportunities become available. In addition, we have several permanent capital vehicles with unlimited duration. Each of these publicly traded vehicles raises capital by selling shares in the public markets and these vehicles can also issue debt. We also have several credit funds which continuously offer and sell shares or limited partner interests via private placements through monthly subscriptions, which are payable in full upon a fund's acceptance of an investor's subscription. These hedge fund style credit funds have customary redemption rights (in many cases subject to the expiration of an initial lock-up period), and are generally structured as limited partnerships, the terms of which are determined through negotiation with the funds' underlying investor base. Management fees and incentive fees (whether in the form

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of carried interest income or incentive allocation) that we earn for management of these credit funds and from their performance as well as the terms governing their operation vary across our credit funds.

We conduct the management of our private equity, credit and real estate funds primarily through a partnership structure, in which partnerships organized by us accept commitments and/or funds for investment from investors. Funds are generally organized as limited partnerships with respect to private equity funds and other U.S. domiciled vehicles and limited partnership and limited liability (and other similar) companies with respect to non-U.S. domiciled vehicles. Typically, each fund has an investment adviser registered under the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”). Responsibility for the day-to-day operations of the funds is typically delegated to the funds’ respective investment managers pursuant to an investment management (or similar) agreement. Generally, the material terms of our investment management agreements relate to the scope of services to be rendered by the investment manager to the applicable funds, certain rights of termination in respect of our investment management agreements and, generally, with respect to certain of our credit and real estate funds (as these matters are covered in the limited partnership agreements of the private equity funds), the calculation of management fees to be borne by investors in such funds, as well as the calculation of the manner and extent to which other fees received by the investment manager from fund portfolio companies serve to offset or reduce the management fees payable by investors in our funds. The funds themselves generally do not register as investment companies under the Investment Company Act of 1940, as amended (the “Investment Company Act”), generally in reliance on Section 3(c)(7) or Section 7(d) thereof or, typically in the case of funds formed prior to 1997, Section 3(c)(1) thereof. Section 3(c)(7) of the Investment Company Act exempts from its registration requirements funds privately placed in the United States whose securities are owned exclusively by persons who, at the time of acquisition of such securities, are “qualified purchasers” or “knowledgeable employees” for purposes of the Investment Company Act. Section 3(c)(1) of the Investment Company Act exempts from its registration requirements privately placed funds whose securities are beneficially owned by not more than 100 persons. In addition, under current interpretations of the SEC, Section 7(d) of the Investment Company Act exempts from registration any non-U.S. fund all of whose outstanding securities are beneficially owned either by non-U.S. residents or by U.S. residents that are qualified purchasers.

In addition to having an investment manager, each fund that is a limited partnership also has a general partner that makes all policy and investment decisions relating to the conduct of the fund’s business. The general partner is responsible for all decisions concerning the making, monitoring and disposing of investments, but such responsibilities are typically delegated to the fund’s investment manager pursuant to an investment management (or similar) agreement. The limited partners of the funds take no part in the conduct or control of the business of the funds, have no right or authority to act for or bind the funds and have no influence over the voting or disposition of the securities or other assets held by the funds. These decisions are made by the fund’s general partner in its sole discretion, subject to the investment limitations set forth in the agreements governing each fund. The limited partners often have the right to remove the general partner or investment manager for cause or cause an early dissolution by a simple majority vote. In connection with the private offering transactions that occurred in 2007 pursuant to which we sold shares of Apollo Global Management, LLC to certain initial purchasers and accredited investors in transactions exempt from the registration requirements of the Securities Act (“Private Offering Transactions”) and the reorganization of the Company’s predecessor business (the “2007 Reorganization”), we deconsolidated certain of our private equity and credit funds that have historically been consolidated in our financial statements and amended the governing agreements of those funds to provide that a simple majority of a fund’s investors have the right to accelerate the dissolution date of the fund. Additionally, Apollo adopted new U.S. GAAP consolidation guidance during the year ended December 31, 2015, which resulted in the deconsolidation of certain funds and variable interest entities (“VIEs”) as of January 1, 2015.

In addition, the governing agreements of our private equity funds and certain of our credit and real estate funds enable the limited partners holding a specified percentage of the interests entitled to vote, to elect not to continue the limited partners’ capital commitments for new portfolio investments in the event certain of our Managing Partners do not devote the requisite time to managing the fund or in connection with certain triggering events (as defined in the applicable governing agreements). In addition to having a significant, immeasurable negative impact on our revenue, net income and cash flow, the occurrence of such an event with respect to any of our funds would likely result in significant reputational damage to us. 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.

### ***Fees and Carried Interest***

Our revenues and other income consist principally of (i) management fees, which may be based upon a percentage of the committed or invested capital, adjusted assets, gross invested capital, fund net asset value, stockholders’ equity or the capital accounts of the limited partners of the funds, and may be subject to offset as discussed in note 2 to the consolidated financial statements, (ii) advisory and transaction fees, net relating to certain actual and potential private equity, credit and real estate investments as more fully discussed in note 2 to the consolidated financial statements, (iii) income based on the performance of our funds, which consists of allocations, distributions or fees from our private equity, credit and real estate funds, and (iv) investment

income from our investments as general partner and other direct investments primarily in the form of net gains from investment activities as well as interest and dividend income.

The composition of our revenues will vary based on market conditions and the cyclical nature of the different businesses in which we operate. Our funds' returns are driven by investment opportunities and general market conditions, including the availability of debt capital on attractive terms and the availability of distressed debt opportunities. Our funds initially record fund investments at cost and then such investments are subsequently recorded at fair value. Fair values are affected by changes in the fundamentals of the underlying portfolio company investments of the funds, the industries in which the portfolio companies operate, the overall economy as well as other market conditions.

## **General Partner and Professionals Investments and Co-Investments**

### ***General Partner Investments***

Certain of our management companies, general partners and co-invest vehicles are committed to contribute to our funds and affiliates. As a limited partner, general partner and manager of the Apollo funds, Apollo had unfunded capital commitments as of December 31, 2015 of \$566.3 million.

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

### ***Managing Partners and Other Professionals Investments***

To further align our interests with those of investors in our funds, our Managing Partners and other professionals have invested their own capital in our funds. Our Managing Partners and other professionals will either re-invest their carried interest to fund these investments or use cash on hand or funds borrowed from third parties. We generally have not historically charged management fees or carried interest on capital invested by our Managing Partners and other professionals directly in our private equity, credit, and real estate funds.

### ***Co-Investments***

Investors in many of our funds, as well as certain other investors, may have the opportunity to make co-investments with the funds. Co-investments are investments in portfolio companies or other fund assets generally on the same terms and conditions as those to which the applicable fund is subject.

## **Competition**

The investment management industry is intensely competitive, and we expect it to remain so. We compete globally and on a regional, industry and niche basis.

We face competition both in the pursuit of outside investors for our funds and in our funds acquiring investments in attractive portfolio companies and making other fund investments. We compete for outside investors for our funds 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.

Competition is also intense for the attraction and retention of qualified employees. Our ability to continue to compete effectively in our businesses will depend upon our ability to attract new employees and retain and motivate our existing employees.

For additional information concerning the competitive risks that we face, see "Item 1A. Risk Factors—Risks Related to Our Businesses—The investment management business is intensely competitive, which could have a material adverse impact on us."

## **Regulatory and Compliance Matters**

Our businesses, as well as the financial services industry generally, are subject to extensive regulation in the United States and elsewhere. All of the investment advisers of our funds are registered as investment advisers either directly or as a "relying

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adviser" with the SEC. A "relying adviser" is an investment adviser that relies on the investment adviser registration of a directly registered investment adviser pursuant to the SEC's Division of Investment Management staff guidance dated January 18, 2012, issued in a no-action letter in response to the American Bar Association's request for interpretative guidance (the "ABA No-Action Letter"). Registered investment advisers are subject to the requirements and regulations of the Investment Advisers Act. Such requirements relate to, among other things, fiduciary duties to clients, maintaining an effective compliance program, managing conflicts of interest and general anti-fraud prohibitions. Pursuant to the ABA No-Action letter, each "relying adviser" is an investment adviser registered with the SEC and, as such, is required to comply with all of the provisions of the Investment Advisers Act and the rules thereunder that apply to registered advisers.

Each of AFT and AIF is a registered management investment company under the Investment Company Act. AINV is an investment company that has elected to be treated as a business development company under the Investment Company Act. Each of AFT, AIF and AINV has elected for U.S. Federal tax purposes to be treated as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). As such, each of AFT, AIF and AINV is required to distribute during each taxable year at least 90% of its ordinary income and realized, net short-term capital gains in excess of realized net long-term capital losses, if any, to its shareholders. In addition, in order to avoid excise tax, each needs to distribute during each calendar year at least 98% of its ordinary income and 98.2% of its capital gains net income for the one-year period ended on October 31st of such calendar year, plus any shortfalls from any prior year's distribution, which would take into account short-term and long-term capital gains and losses. In addition, as a business development company, AINV must not acquire any assets other than "qualifying assets" specified in the Investment Company Act unless, at the time the acquisition is made, at least 70% of AINV's total assets are qualifying assets (with certain limited exceptions).

ARI and AMTG have each elected to be taxed as a real estate investment trust, or REIT, under the Internal Revenue Code. To maintain their qualification as REITs, ARI and AMTG must distribute at least 90% of their taxable income to their shareholders and meet, on a continuing basis, certain other complex requirements under the Internal Revenue Code.

In addition, Apollo Global Securities, LLC ("AGS") is a registered broker dealer with the SEC and is a member of the Financial Industry Regulatory Authority, Inc. From time to time, this entity is involved in transactions with affiliates of Apollo, including portfolio companies of the funds we manage, whereby AGS will earn fees for its services.

Broker-dealers are subject to regulations that cover all aspects of the securities business. In particular, as a registered broker-dealer and member of a self regulatory organization, we are subject to the SEC's uniform net capital rule, Rule 15c3-1. Rule 15c3-1 specifies the minimum level of net capital a broker-dealer must maintain and also requires that a significant part of a broker-dealer's assets be kept in relatively liquid form. The SEC and various self-regulatory organizations impose rules that require notification when net capital falls below certain predefined criteria, limit the ratio of subordinated debt to equity in the regulatory capital composition of a broker-dealer and constrain the ability of a broker-dealer to expand its business under certain circumstances. Additionally, the SEC's uniform net capital rule imposes certain requirements that may have the effect of prohibiting a broker-dealer from distributing or withdrawing capital and requiring prior notice to the SEC for certain withdrawals of capital.

As the ultimate parent of the general partner or manager of certain shareholders of Athene Holding, we are subject to insurance holding company system laws and regulations in Delaware, Iowa and New York, which are the states in which the insurance company subsidiaries of Athene Holding are domiciled. These regulations generally require each insurance company subsidiary to register with the insurance department in its state of domicile and to furnish financial and other information about the operations of companies within its holding company system. These regulations also impose restrictions and limitations on the ability of an insurance company subsidiary to pay dividends and make other distributions to its parent company. In addition, transactions between an insurance company and other companies within its holding company system, including sales, loans, investments, reinsurance agreements, management agreements and service agreements, must be on terms that are fair and reasonable and, if material or within a specified category, require prior notice and approval or non-disapproval by the applicable domiciliary insurance department.

The insurance laws of each of Delaware, Iowa and New York prohibit any person from acquiring control of a domestic insurance company or its parent company unless that person has filed a notification with specified information with that state's Commissioner or Superintendent of Insurance (the "Commissioner") and has obtained the Commissioner's prior approval. Under applicable Delaware, Iowa and New York statutes, the acquisition of 10% or more of the voting securities of an insurance company or its parent company is presumptively considered an acquisition of control of the insurance company, although such presumption may be rebutted. Accordingly, any person or entity that acquires, directly or indirectly, 10% or more of the voting securities of Apollo without the requisite prior approvals will be in violation of these laws and may be subject to injunctive action requiring the disposition or seizure of those securities or prohibiting the voting of those securities, or to other actions that may be taken by the applicable state insurance regulators.



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In addition, many U.S. state insurance laws require prior notification to state insurance departments of an acquisition of control of a non-domiciliary insurance company doing business in that state if the acquisition would result in specified levels of market concentration. While these pre-notification statutes do not authorize the state insurance departments to disapprove the acquisition of control, they authorize regulatory action in the affected state, including requiring the insurance company to cease and desist from doing certain types of business in the affected state or denying a license to do business in the affected state, if particular conditions exist, such as substantially lessening competition in any line of business in such state. Any transactions that would constitute an acquisition of control of Apollo may require prior notification in those states that have adopted pre-acquisition notification laws. These laws may discourage potential acquisition proposals and may delay, deter or prevent an acquisition of control of Apollo (in particular through an unsolicited transaction), even if Apollo might consider such transaction to be desirable for its shareholders.

Currently, there are proposals to increase the scope of regulation of insurance holding companies in both the United States and internationally. In the United States, the NAIC has promulgated amendments to its insurance holding company system model law and regulations for consideration by the various states that would provide for more extensive informational reporting regarding parents and other affiliates of insurance companies, with the purpose of protecting domestic insurers from enterprise risk, including requiring an annual enterprise risk report by the ultimate controlling person identifying the material risks within the insurance holding company system that could pose enterprise risk to domestic insurers. Changes to existing NAIC model laws or regulations must be adopted by individual states or foreign jurisdictions before they will become effective. To date, each of Delaware, Iowa and New York has enacted laws to adopt such amendments.

Internationally, the International Association of Insurance Supervisors is in the process of adopting a framework for the “group wide” supervision of internationally active insurance groups. The NAIC has also promulgated additional amendments to its insurance holding company system model law that address “group wide” supervision of internationally active insurance groups. To date, Delaware has enacted laws to adopt a form of these amendments, and Iowa has adopted similar provisions under a predecessor statute. We cannot predict with any degree of certainty the additional capital requirements, compliance costs or other burdens these requirements may impose on us and our insurance company affiliates.

In addition, state insurance departments also have broad administrative powers over the insurance business of our insurance company affiliates, including insurance company licensing and examination, agent licensing, establishment of reserve requirements and solvency standards, premium rate regulation, admissibility of assets, policy form approval, unfair trade and claims practices and other matters. State regulators regularly review and update these and other requirements.

Although the federal government does not directly regulate the insurance business, federal legislation and administrative policies in several areas, including pension regulation, age and sex discrimination, financial services regulation, securities regulation and federal taxation, can significantly affect the insurance business. The Dodd-Frank Wall Street Reform and Consumer Protection Act created the FIO within the Department of Treasury headed by a Director appointed by the Treasury Secretary. The FIO is designed principally to exercise a monitoring and information gathering role, rather than a regulatory role. In that capacity, the FIO has been charged with providing reports to the U.S. Congress on (i) modernization of U.S. insurance regulation (provided in December 2013) and (ii) the U.S. and global reinsurance market (provided in November 2013 and January 2015, respectively). Such reports could ultimately lead to changes in the regulation of insurers and reinsurers in the U.S.

We are subject to the jurisdiction of the Federal Energy Regulatory Commission as a result of certain of the funds we manage directly or indirectly owning, controlling or holding, with power to vote, 10% or more of the voting securities in a “public-utility company” or a “holding company” of a public-utility company (as those terms are defined in the U.S. Public Utility Holding Company Act of 2005). See “Item 1A. Risk Factors—Risks Related to Our Businesses—We are a holding company subject to the jurisdiction of the Federal Energy Regulatory Commission (the “FERC”). An acquirer of our Class A shares may be required to obtain prior approval from the FERC and make other filings with the FERC.”

Apollo Management International LLP (“AMI”) is authorized and regulated by the U.K. Financial Conduct Authority in the United Kingdom, under the Financial Services and Markets Act 2000 (“FSMA”) and the rules promulgated thereunder. AMI has permission to engage in certain specified regulated activities, including dealing as agent and arranging deals in relation to certain type of investments. Most aspects of AMI’s investment business are governed by the FSMA and related rules, including sales, research, trading practices, provision of investment advice, corporate finance, regulatory capital, record keeping, approval standards for individuals, anti-money laundering and period reporting and settlement procedures. The U.K. Financial Conduct Authority is responsible for administering these requirements and our compliance with the relevant the FSMA and related rules.

AAA is regulated under the Authorized Closed-ended Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (“GFSC”) with effect from December 15, 2008 under The Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended (the “New Rules”). AAA is deemed to be an authorized closed-ended investment scheme under the New Rules.



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Apollo Advisors (Mauritius) Ltd (“Apollo Mauritius”), one of our subsidiaries, and AION Capital Management Limited (“AION Manager”), one of our joint venture investments, are licensed providers of investment management services in the Republic of Mauritius and are subject to applicable Mauritian securities laws and the oversight of the Financial Services Commission (Mauritius) (the “FSC”). Each of Apollo Mauritius and AION Manager is subject to limited regulatory requirements under the Mauritian Securities Act 2005, Mauritian Financial Services Act 2007 and relevant ancillary regulations, including, ongoing reporting and record keeping requirements, anti-money laundering obligations, obligations to ensure that it and its directors, key officers and representatives are fit and proper and requirements to maintain positive shareholders’ equity. The FSC is responsible for administering these requirements and ensuring the compliance of Apollo Mauritius and AION Manager with them. If Apollo Mauritius or AION Manager contravenes any such requirements, such entities and/or their officers or representatives may be subject to a fine, reprimand, prohibition order or other regulatory sanctions.

AGM India Advisors Private Limited is regulated by the Company Law Board (also known as the Ministry of Company Affairs) through the Companies Act of 1956 in India. Additionally since there are foreign investments in the company, AGM India Advisors Private Limited is also subject to the rules and regulations applicable under the Foreign Exchange Management Act of 1999 which falls within the purview of Reserve Bank of India.

Apollo Management Singapore Pte Ltd. was granted a Capital Markets Service License with the Monetary Authority of Singapore in October 2013. In addition, Apollo Capital Management, L.P. is registered with the Securities and Exchange Board of India as a foreign institutional investor.

Certain of our businesses are subject to compliance with laws and regulations of U.S. Federal and state governments, non-U.S. governments, their respective agencies and/or various self-regulatory organizations or exchanges relating to, among other things, the privacy of client information, and any failure to comply with these regulations could expose us to liability and/or reputational damage. Our businesses have operated for many years within a legal framework that requires our being able to monitor and comply with a broad range of legal and regulatory developments that affect our activities.

However, additional legislation, changes in rules promulgated by self-regulatory organizations or changes in the interpretation or enforcement of existing laws and rules, either in the United States or elsewhere, may directly affect our mode of operation and profitability. For additional information concerning the regulatory environment in which we operate, see “Item 1A. Risk Factors—Risks Related To Our Businesses—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 taxation or law and other legislative or regulatory changes could adversely affect us.”

Rigorous legal and compliance analysis of our businesses and investments is important to our culture. We strive to maintain a culture of compliance through the use of policies and procedures, such as our code of ethics, compliance systems, communication of compliance guidance and employee education and training. We have a compliance group that monitors our compliance with the regulatory requirements to which we are subject and manages our compliance policies and procedures. Our Chief Compliance Officer supervises our compliance group, which is responsible for addressing all regulatory and compliance matters that affect our activities. Our compliance policies and procedures address a variety of regulatory and compliance risks such as the handling of material non-public information, personal securities trading, valuation of investments on a fund-specific basis, document retention, potential conflicts of interest and the allocation of investment opportunities.

We generally operate without information barriers between our businesses. In an effort to manage possible risks resulting from our decision not to implement these barriers, our compliance personnel maintain a list of issuers for which we have access to material, non-public information and for whose securities our funds and investment professionals are not permitted to trade. We could in the future decide that it is advisable to establish information barriers, particularly as our business expands and diversifies. In such event our ability to operate as an integrated platform will be restricted. See “Item 1A. 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, or we could establish information barriers, all of which could adversely affect our business.”

### **Available Information**

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Section 13(a) of the Exchange Act are made available free of charge on or through our website at [www.agm.com](http://www.agm.com) as soon as reasonably practicable after such reports are filed with, or furnished to, the SEC. The information on our website is not, and shall not be deemed to be, part of this report or incorporated into any other filings we make with the SEC. You may also read and copy any document we file at the SEC’s public reference room located at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. In addition these reports and the other documents we file with the SEC are available on the SEC’s website at [www.sec.gov](http://www.sec.gov).

From time to time, we may use our website as a channel of distribution of material information. Financial and other material information regarding the Company is routinely posted on and accessible at [www.agm.com](http://www.agm.com).

## ITEM 1A. RISK FACTORS

### Risks Related to Our Businesses

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

We derive revenues in part from:

- management fees, which are based generally on the amount of capital committed or 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 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 may 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 committed or invested in our funds and ultimately, our management fee income.

***We depend on Leon Black, Joshua Harris and Marc Rowan, and the loss 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. Our Managing Partners may resign, join our competitors or form a competing firm at any time. If our Managing Partners were to join or form a competitor, some of our investors could choose to invest with that competitor, another competitor or not at all, rather than in our funds. The loss of the services 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 two or more of our Managing Partners may result in the termination of our role as general partner of certain of our funds and the termination of the commitment periods of certain of our funds. See "-If two or more of our Managing Partners or certain other investment professionals leave our company, the commitment periods of certain of our funds may be terminated, and we may be in default under the governing documents of certain of our funds and our credit agreement."

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

In the event that our funds are unable to obtain committed debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on unfavorable terms, our funds may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could lead to a decrease in the investment income earned by us. Any failure by lenders to provide previously committed financing can also expose us to potential claims by sellers of businesses which we may have contracted to purchase. Our funds' portfolio companies regularly utilize the corporate debt markets in order to obtain financing for their operations. Similarly, certain of our credit funds rely on the availability of attractive financing for their investments. To the extent that the current credit markets have rendered such financing difficult to obtain or more expensive, this may negatively impact the operating performance of such portfolio companies and credit funds, and lead to lower-yielding investments with respect to such funds and, therefore, the investment returns on our funds. In addition, to the extent that the current markets make it difficult or impossible to refinance debt that is maturing in the near term, a relevant

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portfolio company may face substantial doubt as to its status as a going concern (which may result in an event of default under various agreements) or be unable to repay such debt at maturity and may be forced to sell assets, undergo a recapitalization or seek bankruptcy protection.

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

Our businesses are materially affected by conditions in the global financial markets and economic conditions throughout the world, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors are outside our control and may affect the level and volatility of securities prices and the liquidity and the value of investments, and we may not be able to or may choose not to manage our exposure to these conditions. Global financial markets have experienced considerable volatility in the valuations of equity and debt securities, a contraction in the availability of credit and an increase in the cost of financing. Volatility in the financial markets can materially hinder the initiation of new, large-sized transactions for our private equity segment and, together with volatility in valuations of equity and debt securities, may adversely impact our operating results. If market conditions deteriorate, our businesses could be affected in different ways. In addition, these events and general economic trends are likely to impact the performance of portfolio companies in many industries, particularly industries that are more affected by changes in consumer demand, such as the packaging, manufacturing, chemical and refining industries, as well as travel and leisure, gaming and real estate industries. The performance of our funds and our performance may be adversely affected to the extent our fund portfolio companies in these industries experience adverse performance or additional pressure due to downward trends. Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to scale back other costs, within a time frame sufficient to match any further decreases in net income or increases in net losses relating to changes in market and economic conditions.

A financial downturn could adversely affect our operating results in a number of ways, and if the economy were to re-enter a recessionary or inflationary period, it may cause our revenue and results of operations to decline by causing:

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

Lower investment returns and such material reductions in value may result because, among other reasons, during periods of difficult market conditions or slowdowns (which may be across one or more industries, sectors or geographies), companies in which our funds 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, our funds and their portfolio companies may have difficulty accessing financial markets, which could make it more difficult or impossible to obtain funding for additional investments and harm our AUM and operating results. Furthermore, such conditions would also increase the risk of default with respect to our funds that have significant debt investments, such as our credit funds. Our funds may be affected by reduced opportunities to exit and realize value from their investments, by lower than expected returns on investments made prior to the deterioration of the credit markets, and by the fact that we may not be able to find suitable investments for the funds to effectively deploy capital, which could adversely affect our ability to raise new funds and thus adversely impact our prospects for future growth.

While the adverse effects of the unprecedented turmoil in global financial markets in 2008 and 2009 have abated to a certain degree, markets have recently experienced significant volatility. In addition, while conditions in the U.S. economy have somewhat improved since the credit crisis, many other economies continue to experience weakness, tighter credit conditions and a decreased availability of foreign capital. Further, there is concern that the favorability of conditions in certain markets may be dependent on continued monetary policy accommodation from central banks, especially the Board of Governors of the Federal

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Reserve System (the “Federal Reserve”). Although interest rates have been at historically low levels for the last few years, the Federal Reserve could begin to sharply raise interest rates, which could have an adverse impact on our business.

***A decline in the pace of investment in our funds, an increase in the pace of sales of investments in our funds, or an increase in the amount of transaction and advisory fees we share with our fund investors would result in our receiving less revenue from transaction and advisory fees.***

A variety of fees that we earn, such as transaction and advisory fees, are driven in part by the pace at which our funds make investments. Many factors could cause 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. Any decline in the pace at which our funds make investments would reduce our transaction and advisory fees and could make it more difficult for us to raise capital. Likewise, during attractive selling environments, our funds may capitalize on increased opportunities to exit investments. Any increase in the pace at which our funds exit investments would reduce transaction and advisory fees. In addition, some of our fund investors have requested, and we expect to continue to receive requests from fund investors, that we share with them a larger portion, or all, of the transaction and advisory fees generated by our funds’ investments. To the extent we accommodate such requests, it would result in a decrease in the amount of fee revenue we could earn. For example, in Fund VIII we have agreed that 100% of certain transaction and advisory fees will be shared with the investors in the fund through a management fee offset mechanism, whereas the percentage was 68% in Fund VII.

***If two or more of our Managing Partners or certain other investment professionals leave our company, the commitment periods of certain of our funds may be terminated, and we may be in default under the governing documents of certain of our funds and our credit agreement.***

The governing agreements of certain of our funds provide that in the event certain “key persons” (such as two or more of Messrs. Black, Harris and Rowan and/or certain other of our investment professionals) fail to devote the requisite time to our business, the commitment period will terminate if a certain percentage in interest of the investors do not vote to continue the commitment period or may terminate for a variety of other reasons. This is true of Fund VI, Fund VII and Fund VIII, on which our near- to medium-term performance will heavily depend. Apollo Credit Opportunity Fund III, L.P. (“COF III”), Apollo European Principal Finance Fund II, L.P. (“EPF II”), Financial Credit Investment Credit Facilities II, L.P. (“FCI II”) and certain other credit funds have similar provisions. Furthermore, the 2013 AMH Credit Facilities described in Note 12 to our consolidated financial statements provide that an event of default may occur if such “key persons” no longer own a majority of the voting power represented by our issued and outstanding equity and a majority of our economic interests. 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 or the 2013 AMH Credit Facilities would likely result in significant reputational damage to us.

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

***We may not be successful in raising new funds or in raising more capital for certain of our funds and may face pressure on carried interest and fee arrangements of our future funds.***

Our funds may not be successful in consummating their current 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 undertake 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.

As a result of the global economic downturn during 2008 and 2009, a large number of institutional investors that invest in alternative assets and have historically invested in our funds experienced negative pressure across their investment portfolios, which may affect our ability to raise capital from them. These institutional investors experienced, among other things, a significant decline in the value of their public equity and debt holdings and a lack of realizations from their existing private equity portfolios. Consequently, many of these investors were left with disproportionately outsized remaining commitments to a number of private equity funds, and were restricted from making new commitments to third-party managed private equity funds such as those managed by us. To the extent economic conditions remain volatile or these issues reoccur, we may be unable to raise sufficient amounts of capital to support the investment activities of our future funds.

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In addition, certain institutional investors have publicly criticized certain fund fee and expense structures, including management, transaction and advisory fees. In September 2009, the Institutional Limited Partners Association, or “ILPA,” published a set of Private Equity Principles, or the “Principles,” which were revised in January 2011. The Principles were developed in order to encourage discussion between limited partners and general partners regarding private equity fund partnership terms. Certain of the Principles call for enhanced “alignment of interests” between general partners and limited partners through modifications of some of the terms of fund arrangements, including proposed guidelines for fees and carried interest structures. We provided ILPA our endorsement of the Principles, representing an indication of our general support for the efforts of ILPA. Although we have no obligation to modify any of our fees with respect to our existing funds, we may experience pressure to do so.

In addition, certain institutional investors, including sovereign wealth funds and public pension funds, have demonstrated an increased preference for alternatives to the traditional investment fund structure, such as managed accounts, specialized funds and co-investment vehicles. We also have entered into strategic partnerships with individual investors whereby we manage that investor’s capital across a variety of our products on separately negotiated terms. There can be no assurance that such alternatives will be as profitable to us as traditional investment fund structures, and the impact such a trend could have on our results of operations, if widely implemented, is unclear. Moreover, certain institutional investors are demonstrating a preference to in-source their own investment professionals and to make direct investments in alternative assets without the assistance of investment advisors like us. Such institutional investors may become our competitors and could cease to be our clients.

The failure of our funds to raise capital in sufficient amounts and on satisfactory terms could result in a decrease in AUM, carried interest, management fee, transaction fee and advisory revenue or could result in us being unable to achieve an increase in AUM, carried interest and management fee, transaction fee and advisory fee revenue, and could have a material adverse effect on our financial condition and results of operations. Similarly, any modification of our existing fee arrangements or the fee structures for new funds could adversely affect our results of operations.

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

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

***We may not have sufficient cash to satisfy general partner obligations to return carried interest income if and when they are triggered under the governing agreements with our fund investors.***

Carried interest income from our private equity funds and certain of our credit and real estate funds is subject to contingent repayment by the general partner if, upon the final distribution, the relevant fund’s general partner has received cumulative carried interest on individual portfolio investments in excess of the amount of carried interest it would be entitled to from the profits calculated for all portfolio investments in the aggregate. The Managing Partners, Contributing Partners and certain other investment professionals have personally guaranteed, subject to certain limitations, our obligations in respect of these general partner obligations. We have agreed to indemnify the Managing Partners and certain Contributing Partners against all amounts that they pay pursuant to any of these personal guarantees in favor of certain funds that we manage (including costs and expenses related to investigating the basis for or objecting to any claims made in respect of the guarantees) for all interests that the Managing Partners and Contributing Partners have contributed or sold to the Apollo Operating Group. To the extent one or more such general partner obligations were to occur, we might not have available cash at the time such obligation is triggered to repay the carried interest and satisfy such obligation, or if applicable, to reimburse the Managing Partners and certain Contributing Partners for the indemnifiable percentage of amounts that they are required to pay in connection with such general partner obligation. If we were unable to repay such carried interest, we would be in breach of the governing agreements with our investors and could be subject to liability.

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***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 report the returns relating to the historical performance of our private equity, credit and real estate 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, our reputation and our ability to raise new funds. 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, the historical returns of our funds should not be considered indicative of the future returns of these or from any future funds we may raise, in part because:

- market conditions during previous periods may have been significantly more favorable for generating positive performance, particularly in our private equity business, than the market conditions we may experience in the future;
- our private equity funds' rates of return, which are calculated on the basis of net asset value of the funds' investments, reflect unrealized gains, which may never be realized;
- our funds' returns have benefited from investment opportunities and general market conditions that may not repeat themselves, including the availability of debt capital on attractive terms and the availability of distressed debt opportunities, and we may not be able to achieve the same returns or secure the same profitable investment opportunities or deploy capital as quickly;
- the historical returns that we present in this report derive largely from the performance of our current private equity funds, whereas future fund returns will depend increasingly on the performance of our newer funds or funds not yet formed, which may have little or no realized investment track record;
- Fund VII and Fund VIII are larger private equity funds, and this capital may not be deployed as profitably as other funds;
- the attractive returns of certain of our funds have been driven by the rapid return of invested capital, which has not occurred with respect to all of our funds and we believe is less likely to occur in the future;
- our track record with respect to our credit funds and real estate funds is relatively short as compared to our private equity funds;
- in recent years, there has been increased competition for private equity investment opportunities resulting from the increased amount of capital invested in private equity funds and high liquidity in debt markets; and
- our newly established funds may generate lower returns during the period that they take to deploy their capital.

Finally, our private equity IRRs have historically varied greatly from fund to fund. Accordingly, you should realize that the IRR going forward for any current or future fund may vary considerably from the historical IRR generated by any particular fund, or for our private equity funds as a whole. Future returns will also be affected by the risks described elsewhere in this report and risks of the industries and businesses in which a particular fund invests. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-The Historical Investment Performance of Our Funds."

***Our funds' reported net asset values, rates of return and the incentive income we receive from affiliates are subject to a number of factors beyond our control and are based in large part upon estimates of the fair value of our funds' investments, which are based on subjective standards that may prove to be incorrect.***

A large number of investments held by our 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 funds' 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 that 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.



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We include the fair value of illiquid assets in the calculations of net asset values, returns of our funds and our AUM. Furthermore, we recognize incentive income from affiliates based in part on these estimated fair values. Because these valuations are inherently uncertain, they may fluctuate greatly from period to period. Also, they may vary greatly from the prices that would be obtained if the assets were to be liquidated on the date of the valuation and often do vary greatly from the prices we eventually realize. See Note 2 to our consolidated financial statements for more detail.

In addition, the values of our funds' 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 our funds 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 a fund realizes value on an investment that is significantly lower than the value at which it was reflected in a fund's net asset values, the fund would suffer losses. This could in turn lead to a decline in our 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 funds' estimates and assumptions used in estimating their fair values differ from future valuations due to market developments or other factors that are beyond our control. See "Item 7. 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 capital.

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

Our AUM has grown significantly in the past 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, regulatory, 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 also of the growth in the variety, including the differences in strategy among, and complexity of, our different funds. In addition, we are required to continuously develop our systems and infrastructure in response to the increasing complexity 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;
- in implementing new or updated information and financial systems and procedures; and
- in training, managing and appropriately sizing our work force and other components of our businesses on a timely and cost-effective basis.

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

***Extensive regulation of our businesses affects our activities and creates the potential for significant liabilities and penalties. The possibility of increased regulatory focus could result in additional burdens on our businesses. Changes in taxation 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

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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 may not necessarily be designed to protect our shareholders. Consequently, these regulations often serve to limit our activities. For example, in 2014 federal bank regulatory agencies issued leveraged lending guidance covering transactions characterized by a degree of financial leverage. Such guidance has limited the amount and may increase the cost of financing our funds are able to obtain for transactions, which may lead to a negative impact on the returns on our funds' investments.

Our business may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC or other 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. For example, senior officials at the SEC have recently emphasized their intention to implement a "broken windows" policy, meaning that the SEC will pursue even the most minor violations on the theory that publicly pursuing smaller matters will reduce the prevalence of larger matters. The Director of the SEC's Division of Enforcement has described "broken windows" as a zero tolerance policy.

**Regulatory changes could adversely affect our business.** As a result of highly publicized financial scandals, investors have exhibited concerns over the integrity of the financial markets and the regulatory environment in which we operate both in the United States and outside the United States is likely to be subject to further regulation. There have been active debates both nationally and internationally over the appropriate extent of regulation and oversight in a number of areas which are or may be relevant to us, including private investment funds and their managers and the so-called "shadow banking" sector.

The regulatory and legal requirements that apply to our activities are subject to change from time to time and may become more restrictive, which may impose additional expenses on us, make compliance with applicable requirements more difficult, require attention of senior management, or otherwise restrict our ability to conduct our business activities in the manner in which they are now conducted. They also may result in fines or other sanctions if we or any of our funds are deemed to have violated any law or regulations. Changes in applicable regulatory and legal requirements, including changes in their enforcement, could materially and adversely affect our business and our financial condition and results of operations.

Investment advisors have come under increased scrutiny from regulators, including the SEC and other government and self-regulatory organizations, with a particular focus on fees, allocation of expenses to funds, valuation practices, and related disclosures to fund investors. Public statements by regulators, in particular the SEC, indicate increased enforcement attention will continue to be focused on investment advisors, which has the potential to affect us. We also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, or the "Dodd-Frank Act," continues to impose significant new regulations on almost every aspect of the U.S. financial services industry, including aspects of our business and the markets in which we operate. Among other things, the Dodd-Frank Act includes the following provisions that could have an adverse impact on our ability to continue to operate our businesses.

- The Dodd-Frank Act established the Financial Stability Oversight Council (the "FSOC"), which is comprised of representatives of all the major U.S. financial regulators, to act as the financial system's systemic risk regulator with the authority to review the activities of non-bank financial companies predominantly engaged in financial activities that are designated as "systemically important." Such designation is applicable to companies where material financial distress could pose risk to the financial stability of the United States. On April 3, 2012, the FSOC issued a final rule and interpretive guidance regarding the process by which it will designate nonbank financial companies as systemically important. The final rule and interpretive guidance detail a three-stage process, with the level of scrutiny increasing at each stage. Initially, the FSOC will apply a broad set of uniform quantitative metrics to screen out financial companies that do not warrant additional review. The FSOC will consider whether a company has at least \$50 billion in total consolidated assets and whether it meets other thresholds relating to credit default swaps outstanding, derivative liabilities, total debt outstanding, a minimum leverage ratio of total consolidated assets (excluding separate accounts) to total equity of 15 to 1, and a short-term debt ratio of debt (with maturities of less than 12 months) to total consolidated assets (excluding separate accounts) of 10%. A company that meets or exceeds both the asset threshold and one of the other thresholds will be subject to additional review. The review criteria could, and are expected to, evolve over time. While we believe it to be unlikely that we would be designated as systemically important, if such designation were to occur, we



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would be subject to significantly increased levels of regulation, which includes, without limitation, a requirement to adopt heightened standards relating to capital, leverage, liquidity, risk management, credit exposure reporting and concentration limits, restrictions on acquisitions and being subject to annual stress tests by the Board of Governors of the Federal Reserve System (the “Federal Reserve”). To date, the FSOC has designated a few non-bank financial institutions for Federal Reserve supervision.

- In connection with the work of the FSOC, on October 31, 2011, the SEC and the Commodity Futures Trading Commission issued a joint final rule on systemic risk reporting designed to assist the FSOC in gathering information from many sectors of the financial system for monitoring risks. The final rule requires large private equity fund advisors, such as Apollo, to submit reports on Form PF focusing primarily on the extent of leverage incurred by their funds’ portfolio companies, the use of bridge financing in their funds’ investments in financial institutions.
- On December 18, 2014, the FSOC released a notice seeking public comment on the potential risks posed by aspects of the asset management industry, including whether asset management products and activities pose potential risks to the U.S. financial system in the areas of liquidity and redemptions, leverage, operational functions, and resolution, or in other areas.
- The Dodd-Frank Act, under what has become known as the “Volcker Rule,” generally prohibits depository institution holding companies (including certain foreign banks with U.S. branches and insurance companies with U.S. depository institution subsidiaries), insured depository institutions and subsidiaries and affiliates of such entities (collectively, “banking entities”) from investing in, sponsoring or having certain other relationships with “covered funds,” which include private equity funds or hedge funds. The final Volcker Rule became effective on April 1, 2014 and is subject to a conformance period (ending July 21, 2016). The Volcker Rule adversely affects our ability to raise funds from banking entities. Furthermore, divestitures by banking entities of interests in covered funds to comply with the Volcker Rule may lead to lower prices in the secondary market for our fund interests, which could have adverse implications for our ability to raise funds from investors who may have considered the availability of secondary market liquidity as a factor in determining whether to invest.
- The Dodd-Frank Act requires many private equity and hedge fund advisers to register with the SEC under the Investment Advisers Act, to maintain extensive records and to file reports if deemed necessary for purposes of systemic risk assessment by certain governmental bodies. As described elsewhere in this Form 10-K, all of the investment advisers of our investment funds operated in the U.S. are registered as investment advisers with the SEC.
- The Dodd-Frank Act authorizes U.S. federal regulatory agencies to review and, in certain cases, prohibit compensation arrangements at financial institutions that give employees incentives to engage in conduct deemed to encourage inappropriate risk taking by covered financial institutions. Such restrictions could limit our ability to recruit and retain investment professionals and senior management executives.
- Rules and regulations required under the Dodd-Frank Act have become effective and comprehensively regulate the “over the counter” (“OTC”) derivatives markets for the first time. The Dodd-Frank Act and the regulations promulgated thereunder require mandatory clearing and exchange or swap execution facility trading of certain swaps and derivative transactions (including formerly unregulated over-the-counter derivatives). The Commodity Futures Trading Commission (the “CFTC”) currently requires that certain interest rate and credit default index swaps be centrally cleared and the requirement to execute those contracts through a swap execution facility is now effective. Additional standardized swap contracts are expected to be subject to new clearing and execution requirements in the future. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible margin requirements imposed by the clearing brokers. For swaps that are cleared through a clearinghouse, the funds will face the clearinghouse as legal counterparty and will be subject to clearinghouse performance and credit risk. Clearinghouse collateral requirements may differ from and be greater than the collateral terms negotiated with derivatives counterparties in the OTC market. This may increase a fund’s cost in entering into these products and impact a fund’s ability to pursue certain investment strategies. OTC derivative dealers are also required to post margin to the clearinghouses through which they clear their customers’ trades instead of using such margin in their operations for cleared derivatives, as is currently permitted for uncleared trades. This will increase the OTC derivative dealers’ costs and these increased costs are expected to be passed through to other market participants in the

form of higher upfront and mark-to-market margin, less favorable trade pricing, and possible new or increased fees.

OTC trades not cleared through a registered clearinghouse may not be subject to the protections afforded to participants in cleared swaps (for example, centralized counterparty, customer asset segregation and mandatory margin requirements). As of December 16, 2015 the regulators have finalized margin requirements for non-cleared OTC derivatives, but these regulations are not yet in effect. Although the Dodd-Frank Act includes limited exemptions from the clearing and margin requirements for so-called “end-users,” our funds and portfolio companies may not be able to rely on such exemptions.

The Dodd-Frank Act also creates new categories of regulated market participants, such as “swap-dealers,” “security-based swap dealers,” “major swap participants” and “major security-based swap participants” who will be subject to significant new capital, registration, recordkeeping, reporting, disclosure, business conduct and other regulatory requirements, which will give rise to new administrative costs. Even if certain new requirements are not directly applicable to us, they may still increase our costs of entering into transactions with the parties to whom the requirements are directly applicable.

Position limits imposed by various regulators, self-regulatory organizations or trading facilities on derivatives may also limit our ability to effect desired trades. Position limits are the maximum amounts of net long or net short positions that any one person or entity may own or control in a particular financial instrument. For example, the CFTC, on December 12, 2013, re-proposed rules that would establish specific limits on positions in 28 physical commodity futures and option contracts as well as swaps that are economically equivalent to such contracts. In addition, the Dodd-Frank Act requires the SEC to set position limits on security-based swaps. If such proposed rules are adopted, we may be required to aggregate the positions of our various investment funds and the positions of our funds’ portfolio companies. It is possible that trading decisions may have to be modified and that positions held may have to be liquidated in order to avoid exceeding such limits. Such modification or liquidation, if required, could adversely affect our operations and profitability.

- Effective for CLOs on December 24, 2016, “risk retention” rules promulgated by U.S. federal regulators under the Dodd-Frank Act will require a “securitizer” or “sponsor” (which in the case of a CLO is considered the collateral manager) to retain directly or through a majority-owned affiliate (including an entity that is considered a majority-owned affiliate based on the holding of a controlling financial interest in such entity as determined under U.S. generally accepted accounting practices), at least 5% of the credit risk of the securitized assets (the “U.S. Risk Retention Rules”). The European Union already has similar 5% risk retention rules (the “EU Risk Retention Rules” and together with the U.S. Risk Retention Rules, the “Risk Retention Rules”) in place that apply to certain EU investors such as credit institutions (including banks), investment firms, authorized investment fund managers and insurance and reorganization undertakings. In instances in which any such entities subject to the EU Risk Retention Rules invest in a CLO (as a noteholder or otherwise), such investors must ensure that the CLO is required to satisfy the EU Risk Retention Rules.

To the extent the EU Risk Retention Rules are to be satisfied through the EU “sponsor” option, it is expected that the holder of the EU retention interest will be authorized by the UK Financial Conduct Authority under the Financial Services and Markets Act 2000 (“FSMA”) and capitalized (with regulatory capital and other required resources) in a manner necessary or advisable to enable it to satisfy the requirements of FSMA and the EU Markets in Financial Instruments Directive (Directive 2004/39/EC) (“MiFID”). In addition, such “sponsor” holding the EU retention interest would be required to demonstrate that: (a) it is a CRR investment firm, (b) it is authorized to, and does, carry on a business of providing investment management services and activities listed in paragraph (7) of Section A of Annex 1 of Directive 2004/39/EC (placing of financial instruments without a firm commitment basis), and (c) it is a “sponsor” for the purposes of Article 405 of the CRR. For purposes of these requirements, “CRR” means Regulation No 575/2013 of the European Parliament and of the Council (as amended from time to time and as implemented by Member States of the European Union) together with any implemented or delegated regulations, technical standards and guidance related thereto. Whether a collateral manager of a CLO qualifies as an EU “sponsor” under the CRR will depend upon the MiFID authorizations (or permissions) the collateral manager holds from its EU home country supervisor.

Certain of the CLOs currently being managed by one of our affiliates have been designed to comply with the EU Risk Retention Rules via the “sponsor” approach. For these CLOs, Apollo Management International LLP (“AMI”), one of our asset-management affiliates with the required MiFID permissions to act as the “sponsor”

of CLOs, has undertaken to hold the EU retention interest for four CLOs to date. In the future, certain other newly-formed affiliates may serve as “sponsor” and holder of the EU retention interest on CLO investments.

The EU Retention Rules may also be satisfied if the “originator” holds the EU retention interest. Article 4(1)(13) of the CRR defines “Originator” as either (1) an entity that itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposure being securitised or (2) an entity that purchases a third party’s exposures for its own account and then securitises them. In the future, certain newly-formed affiliates may serve as “originator” and holder of the EU retention interest on CLO investments.

Certain of our affiliates will be required from time to time in connection with the CLOs to execute one or more letter or other agreements, the exact form and nature of which will vary and in the case of the U.S. Risk Retention Rules is not known at this time (the “Risk Retention Undertakings”), under which such affiliate will agree to certain undertakings designed to ensure that the CLOs comply with the Risk Retention Rules. Such Risk Retention Undertakings are expected to include a variety of representations, warranties, covenants and other indemnities, each of which may run to various transaction parties. At present, such Risk Retention Undertakings typically include requirements to, among other things, make certain representations, warranties and undertakings (i) in relation to its acquisition and retention (or any of our affiliate’s acquisition and retention) of the Retention Interest for the life of the CLO, and (ii) in the case of the “originator” approach under EU Risk Retention Rules, regarding its agreement (or an agreement of one of our affiliates) to acquire, hold for the required retention period (which period will vary and during which it will be exposed to the credit risk on such loans) and sell a certain percentage of loans to the relevant CLO. AMI has already undertaken various Risk Retention Undertakings in connection with CLOs for which it acts as “sponsor” under the EU Risk Retention Rules. If AMI or any affiliate breaches any such Risk Retention Undertakings, we or such affiliate will be exposed to claims by the other parties thereto, including for any losses incurred as a result of such breach. Such claims may reduce, or entirely diminish any cash or assets that would otherwise be used to make distributions to you.

The EU Risk Retention Rules are in the process of being modified, and any such EU Risk Retention Rules and/or U.S. Risk Retention Rules may be amended, supplemented or revoked at any time or from time to time. Moreover, while the U.S. Risk Retention Rules are not currently effective as to the CLOs, no assurance can be given that the CLOs outstanding prior to the effective date of such U.S. Risk Retention Rules will be, or will continue to be, grandfathered. Such Risk Retention Rules are also subject to varying interpretations, and one or more agencies or governmental officials could take positions regarding such matters that differ from the approach taken or embodied in the Risk Retention Undertakings, which position could be informed by varying regulatory considerations as well as differing legal analyses. Available interpretive authority to date addressing the Risk Retention Rules applicable to CLOs is limited, and there is no judicial decisional authority or applicable agency interpretation that has directly addressed any of the risk retention approaches taken in the CLOs. Accordingly, no assurance can be made that the currently applicable rules and regulations will not be interpreted differently in the future by any applicable authority, or that there will not be a change in applicable law or rules and regulations in the future that could adversely affect us or the CLOs we manage.

The U.S. Risk Retention Rules are not yet in effect, but when such U.S. Risk Retention Rules become effective, any CLO we manage issued after such date will be expected to satisfy the U.S. Risk Retention Rules and any existing CLO which we manage may be expected to satisfy the U.S. Risk Retention Rules in connection with any refinancing, re-pricing or material amendment of such existing CLO.

No assurance can be given as to whether the Risk Retention Rules will have a future material adverse effect on our CLO management business. Although the impact of the rule on CLO managers is generally uncertain, it is possible that the necessity of any of our affiliated entities to raise capital to retain risk (or to utilize capital provided by its majority-owned affiliates) may reduce the number of CLOs that we are able to manage in the future. Currently, although various options are under consideration, we have not formulated a definitive plan for satisfying the requirements of U.S. Risk Retention Rules once they become effective. To the extent a plan for satisfying U.S. Risk Retention is implemented, such a plan may create various conflicts of interest among us and certain of our affiliates or the CLOs we manage and may entail a deployment of capital that is less efficient than the current use of such capital.

While the impact of the Risk Retention Rules on the loan securitization market and the leveraged loan market generally is uncertain, the Risk Retention Rules may impact our ability or desire to manage CLOs in the future.

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The Risk Retention Rules also may have an adverse affect on the leveraged loan market generally, which may adversely affect our CLO management business.

- The Dodd-Frank Act requires public companies to adopt and disclose policies requiring, in the event the company is required to issue an accounting restatement, the recoupment of related incentive compensation from current and former executive officers.
- The Dodd-Frank Act amends the Exchange Act to compensate and protect whistleblowers who voluntarily provide original information to the SEC and establishes a fund to be used to pay whistleblowers who will be entitled to receive a payment equal to between 10% and 30% of certain monetary sanctions imposed in a successful government action resulting from the information provided by the whistleblower. We expect that these provisions will result in a significant increase in whistleblower claims across our industry, and investigating such claims could generate significant expenses and take up significant management time, even for frivolous and non-meritorious claims.

Many of these provisions are subject to further rulemaking and to the discretion of regulatory bodies, such as the FSOC, the Federal Reserve and the SEC.

In June 2010, the SEC adopted a “pay-to-play” rule that restricts politically active investment advisors from managing state pension funds. The rule prohibits, among other things, a covered investment advisor from receiving compensation for advisory services provided to a government entity (such as a state pension fund) for a two-year period after the advisor, certain covered employees of the advisor or any covered political action committee controlled by the advisor or its employees makes a political contribution to certain government officials. In addition, a covered investment advisor is prohibited from engaging in political fundraising activities for certain elected officials or candidates in jurisdictions where such advisor is providing or seeking governmental business. This rule complicates and increases the compliance burden for our investment advisors. It will be imperative for a covered investment advisor to adopt an effective compliance program in light of the substantial penalties associated with the rule.

The Financial Industry Regulatory Authority (“FINRA” recently proposed its own set of “pay to play” regulations that are similar to the SEC’s regulations. If enacted, the FINRA rule effectively prohibits the receipt of compensation from state or local government agencies for solicitation and distribution activities within two years of a prohibited contribution by a broker-dealer or one of its covered associates. In December 2015, FINRA submitted revised proposals to the SEC for adoption and we are awaiting the release of the final regulations. There have also been similar laws, rules and regulations and/or policies adopted by a number of states and municipal pension plans, which prohibit, restrict or require disclosure of payments to (and/or certain contracts with) state officials by individuals and entities seeking to do business with state entities, including investment by public retirement funds.

It is impossible to determine the full extent of the impact on us of the Dodd-Frank Act or any other new laws, regulations or initiatives that may be proposed or whether any of the proposals will become law. Any changes in the regulatory framework applicable to our business, including the changes described above, may impose additional costs on us, require the attention of our senior management or result in limitations on the manner in which we conduct our business. Moreover, as calls for additional regulation have increased, there may be a related increase in regulatory investigations of the trading and other investment activities of alternative asset management funds, including our funds. Complying with any new laws or regulations could be more difficult and expensive, affect the manner in which we conduct our business and adversely affect our profitability.

**Exemptions from Certain Laws.** We regularly rely on exemptions from various requirements of law or regulation, including the Securities Act, the Exchange Act, the Investment Company Act, CFTC regulations, the Commodity Exchange Act of 1936, as amended, and the Employment Retirement Income Security Act of 1974, as amended and the laws and regulations of other jurisdictions 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. For example, in raising new funds, we typically rely on private placement exemptions from registration under the Securities Act and similar exemptions under the securities laws of other countries.

These exemptions include Regulation D, which was amended in 2013 to prohibit issuers (including our funds) from relying on certain of the exemptions from registration if the fund or any of its “covered persons” (including certain officers and directors, but also including certain third parties including, among others, promoters, placement agents and beneficial owners of 20% of outstanding voting securities of the fund) has been the subject of a “disqualifying event,” or constitutes a “bad actor,” which can result from a variety of criminal, regulatory and civil matters. If any of the covered persons associated with our funds is subject to a disqualifying event, one or more of our funds could lose the ability to raise capital in a Rule 506 private offering for a significant period of time, which could significantly impair our ability to raise new funds, and, therefore, could materially

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adversely affect our business, financial condition and results of operations. In addition, if certain of our employees or any potential significant fund investor has been the subject of a disqualifying event, we could be required to reassign or terminate such an employee or we could be required to refuse the investment of such an investor, which could impair our relationships with investors, harm our reputation, or make it more difficult to raise new funds. If for any reason any of these exemptions were to become unavailable to us, we could become subject to regulatory action, third-party claims or be required to register under certain regulatory regimes, 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.”

These exemptions also include the so-called “de minimis” exemption from commodity pool operator registration, codified in CFTC Rule 4.13(a)(3). If any of our funds cease to qualify for this (or another applicable) exemption, certain Apollo entities associated with and/or affiliated with those funds will be required to register with the CFTC as commodity pool operators. Registration as a commodity pool operator entails several potentially costly and time-consuming requirements, including, without limitation, membership with the National Futures Association, a self-regulatory organization for the U.S. derivatives industry, and compliance with the regulatory framework applicable to registered commodity pool operators. In 2015, one of our investment management entities was required to register as a commodity pool operator. The increased costs associated with such registration may affect the manner in which the funds managed by such investment management entity conducts its business and may adversely affect such fund’s profitability.

**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 “Item 1. Business-Regulatory and Compliance Matters” for a further discussion of the regulatory environment in which we conduct our businesses.

Certain of the funds and accounts we manage that engage in originating, lending and/or servicing loans may be subject to state and federal regulation, borrower disclosure requirements, limits on fees and interest rates on some loans, state lender licensing requirements and other regulatory requirements in the conduct of their business. These funds and accounts may also be subject to consumer disclosures and substantive requirements on consumer loan terms and other federal regulatory requirements applicable to consumer lending that are administered by the Consumer Financial Protection Bureau. These state and federal regulatory programs are designed to protect borrowers.

State and federal regulators and other governmental entities have authority to bring administrative enforcement actions or litigation to enforce compliance with applicable lending or consumer protection laws, with remedies that can include fines and monetary penalties, restitution of borrowers, injunctions to conform to law, or limitation or revocation of licenses and other remedies and penalties. In addition, lenders and servicers may be subject to litigation brought by or on behalf of borrowers for violations of laws or unfair or deceptive practices. Failure to conform to applicable regulatory and legal requirements could be costly and have a detrimental impact on certain of our funds and ultimately on Apollo.

**Portfolio Company Regulatory Environment.** The regulatory environment in which our funds’ portfolio companies operate may affect our business. For example, certain of our funds may invest in the natural resources industry where environmental laws, regulations and regulatory initiatives play a significant role and can have a substantial effect on investments in the industry. See for additional examples “-Insurance Regulation” and “-We are a holding company subject to the jurisdiction of the Federal Energy Regulatory Commission (the “FERC”). An acquirer of our Class A shares may be required to obtain prior approval from the FERC and make other filings with FERC.” Additionally, we or certain of our investment funds potentially could be held liable under ERISA for the pension obligations of one or more of our funds’ portfolio companies if we or the investment fund were determined to be engaged in a “trade or business” and deemed part of the same “controlled group” as the portfolio company, and the pension obligations of any particular portfolio company could be material. In a 2013 decision of a federal appellate court (*Sun Capital Partners III LP v. New England Teamsters & Trucking Indus. Pension Fund*), a private equity fund was held to be engaged in a “trade or business” under ERISA. In addition, regulators may scrutinize, investigate or take action against us as a result of actions or inactions by portfolio companies operating in a regulated industry if such a regulator were to deem, or potentially deem, such portfolio company to be under our control. For example, based on positions taken by European governmental authorities, we or certain of our investment funds potentially could be liable for fines if portfolio companies deemed to be under our control are found to have violated European antitrust laws. Such potential, or future, liability may materially affect our business.

**Future Regulation.** We may be adversely affected as a result of new or revised legislation or regulations imposed in the U.S. or elsewhere. As calls for additional regulation have increased, there may be a related increase in regulatory investigations of the trading and other investment activities of alternative asset management funds, including our funds. Such investigations may

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impose additional expenses on us, may require the attention of senior management and may result in fines or other sanctions if any of our funds are deemed to have violated any regulations.

We also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules. New laws or regulations could make compliance more difficult and expensive and affect the manner in which we conduct business and divert significant management and operational resources and attention from our business.

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

The European Union Alternative Investment Fund Managers Directive (“AIFMD”) came into force on July 22, 2013 and was required to be transposed into the laws of the member states (“EEA Member States”) of the European Economic Area (the “EEA”) (in the case of EEA Member States that are not member states of the European Union (“EU”), subject to AIFMD being incorporated into the EEA Agreement) by no later than July 22, 2013 (although some EEA Member States still have not met this deadline). The AIFMD imposes significant regulatory requirements on investment managers operating within the EEA, including with respect to conduct of business, regulatory capital, valuations, disclosures and marketing, and rules on the structure of remuneration for certain personnel. Alternative investment funds (i) organized outside of the EU and those of the additional EEA member states that have implemented AIFMD and (ii) in which interests are marketed under AIFMD within the EEA, are subject to significant conditions on their operations. In the immediate future, such funds may be marketed only in certain EEA jurisdictions and in compliance with requirements to register the fund for marketing in each relevant jurisdiction and to undertake periodic investor and regulatory reporting. In some countries, additional obligations are imposed: for example, in Germany, marketing of a non-EEA fund also requires the appointment of one or more depositaries (with cost implications for the fund). In the longer term (mid 2016 at the earliest) non-EEA managers of non-EEA funds may be able to register under the AIFMD. Where Apollo registers under the AIFMD, Apollo will have more freedom to promote relevant funds in the EEA, although this will be subject to full compliance with all the requirements of the AIFMD, which include (among other things) satisfying the competent authority of the robustness of internal arrangements with respect to risk management, in particular liquidity risks and additional operational and counterparty risks associated with short selling; the management and disclosure of conflicts of interest; the fair valuation of assets; and the security of depository/custodial arrangements. Additional requirements and restrictions apply where funds invest in an EEA portfolio company, including restrictions that may impose limits on certain investment and realization strategies, such as dividend recapitalizations and reorganizations. Such rules could potentially impose significant additional costs on the operation of our business or investments in the EEA and could limit our operating flexibility within the relevant jurisdictions.

The European Parliament has adopted the Regulation on OTC derivatives, central counterparties and trade repositories, known as “EMIR.” EMIR comes into force in stages and implements requirements similar to, but not the same as, those in Title VII of Dodd Frank, in particular requiring reporting of all derivative transactions, risk mitigation (in particular initial and variation margin) for OTC derivative transactions and central clearing of certain OTC derivative contracts. EMIR does not have a material impact on the Apollo funds at present but is likely to apply more fully as additional implementation stages are reached. Compliance with the requirements is likely to increase the burdens and costs of doing business.

Additional laws and regulations will come into force in the EEA in coming years. These are expected to have an impact on Apollo including the costs of, risk to and manner of conducting its business; the markets in which Apollo operates; the assets managed or advised by Apollo; Apollo’s ability to raise capital from investors; and ultimately there may be an impact on the returns which can be achieved. Examples include the revisions to the Markets in Financial Instruments Directive; the new regulation relating to Securities Financing Transactions; further changes to or reviews of the extent and interpretation of pay regulation (which may have an impact on the retention and recruitment of key personnel); a proposed new regulation governing securitization arrangements; tentative proposals for enhanced regulation of loan origination; and significant focus on entities considered to be “shadow banks.” Regulations affecting specific investor types, such as insurance companies, may impact their businesses; their ability to invest and the assets in which they are permitted to invest; and the requirements which their investments place on us, such as extensive disclosure and reporting obligations. The regulation of some institutions has an effect on their ability and willingness to extend credit and the costs of credit. This has, and is likely to continue to have, an impact on the price and availability of credit. Changes to the regulation of benchmarks, such as the London Interbank Offered Rate, may affect the way in which those benchmarks are calculated, with commercial implications, including on the stability of the benchmark and returns.



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In Germany, legislative amendments have been adopted which may limit deductibility of interest and other financing expenses in companies in which our funds have invested or may invest in the future. According to the German interest barrier rule, the tax deduction available to a company in respect of a net interest expense (interest expense less interest income) is limited to 30% of its tax earnings before interest, taxes, depreciation and amortization (“EBITDA”). For existing investments, this may reduce overall returns for our funds. Annual net interest expense that does not exceed the threshold of €3 million can be deducted without any limitations for income tax purposes. Interest expense in excess of the interest deduction limitation may be carried forward indefinitely (subject to change in ownership restrictions) and used in future periods against all profits and gains. In respect of a tax group, interest paid by the German tax group entities to non-tax group parties (e.g. interest on bank debt, capex facility and working capital facility debt) will be restricted to 30% of the tax group’s tax EBITDA. However, the interest barrier rule may not apply where German company’s gearing under International Financial Reporting Standards (“IFRS”) accounting principles is at maximum of 2% higher than the overall group’s leverage ratio at the level of the very top level entity which would be subject to IFRS consolidation (the “escape clause test”). This test is failed where any worldwide company of the entire group pays more than 10% of its net interest expense on debt to substantial (i.e. greater than 25%) shareholders, related parties of such shareholders (that are not members of the group) or secured third parties (although security granted by group members should not be harmful). If the group does not apply IFRS accounting principles, EU member countries’ generally accepted accounting principles or U.S. GAAP may also be accepted for the purpose of the escape clause test. It should be noted that for trade tax purposes, there is principally a 25% add back on all deductible interest paid or accrued by any German entity after the consideration of a tax exempt amount €100 which is applied to the sum of all add back amounts. For trade tax purposes interest payments within a German tax group will not be considered. Our businesses are subject to the risk that similar measures might be introduced in other countries in which our funds 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.

On October 5, 2015, the Organization for Economic Co-Operation and Development (“OECD”) published 13 final reports and an explanatory statement outlining consensus actions under the base erosion and profit shifting (BEPS) project. This project calls for a coordinated multi-jurisdictional approach to “aggressive tax planning” by multinational companies. The final reports of October 5, 2015 consolidated the first seven reports endorsed by the G20 Leaders at the Brisbane Summit in 2014 and the final package was endorsed by the G20 Leaders during their summit in November, 2015 in Antalya, Turkey. Implementation may not be uniform across the participating states; certain actions give states options for implementation, certain actions are recommendations only and other jurisdictions may elect to only partially implement rules where it is in the state’s interest. Countries including various EU countries have been moving forward on the BEPS agenda independent of agreement and finalization of the BEPS action items and currently are in the process of adapting and introducing the necessary legislation. The EU may implement minimum standards and best practices across 28 member states, which may go further than the OECD plans. As a result, significant uncertainty remains around the impact for the investments of our funds.

Any changes to international tax laws or foreign domestic tax laws, including new definitions of “permanent establishment” and the standardized country by country (“CbC”) reporting requirements for transfer pricing documentation, could impact the tax treatment of our foreign earnings and adversely impact the investment returns of our funds. For example, in line with the recommendations of the BEPS Action Plan 6, Preventing the Granting of Treaty Benefits in Inappropriate Circumstances, the latest Tax Treaties signed by Spain include a limitation on benefits clause. The final draft of the BEPS Action Plan 4, Limiting Base Erosion Involving Interest Deductions and Other Financial Payments introduced the definition of “related parties” which includes collective investment vehicles (“CIV”). The CIVs that are engaged in structured arrangements are specifically recommended for targeted rules to counteract the deductibility of interest. Additional legislative changes to limit the deductibility of certain interest deductions in the OECD countries may impact the investment returns of our funds. In addition, with more information available to tax authorities through CbC and the Common Reporting Standard (“CRS”), which is formally referred to as the Standard for Automatic Exchange of Financial Account Information, there is an increased risk of scrutiny and tax audits from various tax authorities. Many tax authorities are unfamiliar with asset management businesses and dealing with challenges from such tax authorities could reduce returns for our funds due to additional taxes paid and increased compliance costs.

**Insurance Regulation.** State insurance departments have broad administrative powers over the insurance business of our insurance company affiliates, including insurance company licensing and examination, agent licensing, establishment of reserve requirements and solvency standards, premium rate regulation, admissibility of assets, policy form approval, unfair trade and claims practices, payment of dividends and distributions to shareholders, review and/or approval of transactions with affiliates and other matters. State regulators regularly review and update these and other requirements.

Currently, there are proposals to increase the scope of regulation of insurance holding companies in both the United States and internationally. In the United States, the NAIC has promulgated amendments to its insurance holding company system model law and regulations for consideration by the various states that would provide for more extensive informational reporting regarding parents and other affiliates of insurance companies, with the purpose of protecting domestic insurers from enterprise risk, including

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requiring an annual enterprise risk report by the ultimate controlling person identifying the material risks within the insurance holding company system that could pose enterprise risk to domestic insurers. Changes to existing NAIC model laws or regulations must be adopted by individual states or foreign jurisdictions before they will become effective. To date, each of Delaware, Iowa and New York has enacted laws to adopt such amendments. Internationally, the International Association of Insurance Supervisors is in the process of adopting a framework for the “group wide” supervision of internationally active insurance groups. The NAIC has also promulgated additional amendments to its insurance holding company system model law that address “group wide” supervision of internationally active insurance groups. To date, Delaware has enacted laws to adopt a form of these amendments, and Iowa has adopted similar provisions under a predecessor statute. We cannot predict with any degree of certainty the additional capital requirements, compliance costs or other burdens these requirements may impose on us and our insurance company affiliates.

The Dodd-Frank Act created the Federal Insurance Office (the “FIO”) within the Department of Treasury headed by a Director appointed by the Treasury Secretary. The FIO is designed principally to exercise a monitoring and information gathering role, rather than a regulatory role. In that capacity, the FIO has been charged with providing reports to the U.S. Congress on (i) modernization of U.S. insurance regulation (provided in December 2013) and (ii) the U.S. and global reinsurance market (provided in November 2013 and January 2015, respectively). Such reports could ultimately lead to changes in the regulation of insurers and reinsurers in the U.S.

There can be no assurance that we or our affiliates will avoid regulatory examination and possibly enforcement actions. Recent SEC enforcement actions and settlements involving U.S.-based private fund advisors have involved a number of issues, including the undisclosed allocation of the fees, costs and expenses related to unconsummated co-investment transactions (i.e., the allocation of broken deal expenses), undisclosed legal fee arrangements affording the applicable advisor with greater discounts than those afforded to funds advised by such advisor and the undisclosed acceleration of certain special fees. With respect to the acceleration of certain special fees, we provided information about this topic to the staff of the SEC in connection with the SEC’s periodic examination of us in 2013. As previously disclosed, we received an informal request for additional information from the staff of the SEC. We continue to fully and voluntarily cooperate with the informal request. Although we believe the foregoing practices to have been common historically amongst private fund advisors within the United States, if the SEC or any other governmental authority, regulatory agency or similar body takes issue with our past practices or any of our affiliates as they pertain to any of the foregoing, we and/or such affiliates will be at risk for regulatory sanction. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against us and/or our affiliates was small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm us and/or our respective affiliates’ reputations which may adversely affect our results of operations. There is also a material risk that regulatory agencies in the United States and beyond will continue to adopt burdensome new laws or regulations (including tax laws or regulations), or change existing laws or regulations, or enhance the interpretation or enforcement of existing laws and regulations. If any such events or changes were to occur they may adversely affect us and our ability to operate and/or pursue our management strategies. Such risks are often difficult or impossible to predict, avoid or mitigate in advance.

***Federal, state and foreign anti-corruption and sanctions laws applicable to us and our funds and portfolio companies create the potential for significant liabilities and penalties and reputational harm.***

We are subject to a number of laws and regulations governing payments and contributions to political persons or other third parties, including restrictions imposed by the U.S. Foreign Corrupt Practices Act (“FCPA”), as well as trade sanctions and export control laws administered by the Office of Foreign Assets Control, or OFAC, the U.S. Department of Commerce and the U.S. Department of State. The FCPA is intended to prohibit bribery of foreign governments and their officials and political parties, and requires public companies in the United States to keep books and records that accurately and fairly reflect their transactions. OFAC, the U.S. Department of Commerce and the U.S. Department of State administer and enforce various export control laws and regulations, including economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals. These laws and regulations relate to a number of aspects of our business, including servicing existing fund investors, finding new fund investors, and sourcing new investments, as well as activities by the portfolio companies in our investment portfolio or other controlled investments. In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has significantly expanded the reach of its anti-bribery laws. While we have developed and implemented policies and procedures designed to ensure compliance by us and our personnel with the FCPA and other applicable anticorruption and anti-bribery laws, such policies and procedures may not be effective in all instances to prevent violations. Any determination that we have violated the FCPA or other applicable anticorruption laws or anti-bribery laws could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects and/or financial position.



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The Iran Threat Reduction and Syrian Human Rights Act of 2012 (“ITRA”) expands the scope of U.S. sanctions against Iran. Notably, ITRA generally prohibits foreign entities that are majority owned or controlled by U.S. persons from engaging in transactions with Iran. In addition, Section 219 of the ITRA amended the Exchange Act to require public reporting companies to disclose in their annual or quarterly reports certain dealings or transactions the company or its affiliates engaged in during the previous reporting period involving Iran or other individuals and entities targeted by certain OFAC sanctions. In some cases, ITRA requires companies to disclose these types of transactions even if they were permissible under U.S. law or were conducted outside of the United States by a non-U.S. entity. Companies that may be considered our affiliates have publicly filed and/or provided to us the disclosures reproduced in each of the Company’s Annual Reports on Form 10-K filed on March 3, 2014 and March 1, 2013 and the Company’s Quarterly Report on Form 10-Q filed on November 12, 2013. We have not independently verified or participated in the preparation of these disclosures. We are required to separately file, concurrently with this annual report, a notice that such activities have been disclosed in this annual report. The SEC is required to post this notice of disclosure on its website and send the report to the U.S. President and certain U.S. Congressional committees. The U.S. President thereafter is required to initiate an investigation and, within 180 days of initiating such an investigation, to determine whether sanctions should be imposed. Disclosure of such activity, even if such activity is not subject to sanctions under applicable law, and any sanctions actually imposed on us or our affiliates as a result of these activities, could harm our reputation and have a negative impact on our business.

Similar laws in non-U.S. jurisdictions, such as EU sanctions or the U.K. Bribery Act, as well as other applicable anti-bribery, anti-corruption, anti-money laundering, or sanction or other export control laws in the U.S. and abroad, may also impose stricter or more onerous requirements than the FCPA, OFAC, the U.S. Department of Commerce and the U.S. Department of State, and implementing them may disrupt our business or cause us to incur significantly more costs to comply with those laws. Different laws may also contain conflicting provisions, making compliance with all laws more difficult. If we fail to comply with these laws and regulations, we could be exposed to claims for damages, civil or criminal financial penalties, reputational harm, incarceration of our employees, restrictions on our operations and other liabilities, which could negatively affect our business, operating results and financial condition. In addition, we may be subject to successor liability for FCPA violations or other acts of bribery, or violations of applicable sanctions or other export control laws committed by companies in which we or our funds invest or which we or our funds acquire.

***We are a holding company subject to the jurisdiction of the Federal Energy Regulatory Commission (the “FERC”). An acquirer of our Class A shares may be required to obtain prior approval from the FERC and make other filings with the FERC.***

We are a holding company subject to the jurisdiction of the FERC as a result of certain of the funds we manage directly or indirectly owning, controlling or holding, with power to vote, 10% or more of the voting securities in a “public-utility company” or a “holding company” of a public-utility company (as those terms are defined in the U.S. Public Utility Holding Company Act of 2005, or “PUHCA”). Absent an exemption to or waiver from the FERC’s regulations implementing PUHCA, we and any affiliate, associate company and subsidiary company (as those terms are defined in PUHCA), would be required to maintain and make available to FERC, such books, accounts, memoranda and other records of transactions as the FERC may deem relevant to electric or natural gas rates subject to the FERC’s jurisdiction. We have submitted a notification of holding company status and a notification of waiver of the accounting, record retention and reporting requirements to the FERC. The notification of waiver became effective when FERC took no action within 60 days of filing, as provided in FERC’s regulations. An acquirer of securities representing 10% or more of the total voting power of Apollo Global Management, LLC likewise would be required to submit similar filings to the FERC under PUHCA.

We are a holding company with subsidiaries that are the general partner and manager of certain funds that have an investment in entities that are “public utilities” (as defined in the Federal Power Act (the “FPA”)) and, therefore, subject to FERC’s jurisdiction under the FPA. An acquirer of our Class A shares that (i) is, or is affiliated with, a “holding company” of a public-utility company, or (ii) is itself a public utility under the FPA, may have its own independent obligation to obtain prior approval from, or make other filings with, FERC with respect to an acquisition of 10% or more of the total voting power of Apollo Global Management, LLC.

***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 we do not intend to provide earnings guidance, each of which may cause the price of our Class A shares to be volatile.***

Our revenue, net income and cash flow are all highly variable, primarily due to the fact that carried interest from our private equity funds and certain of our credit and real estate funds, which constitutes 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

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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. Our future results will also be significantly dependent on the success of our larger funds (e.g., Fund VIII), changes in the value of which may result in fluctuations in our results. In addition, carried interest income from our private equity funds and certain of our credit and real estate funds is subject to contingent repayment by the general partner if, upon the final distribution, the relevant fund's general partner has received cumulative carried interest on individual portfolio investments in excess of the amount of carried interest it would be entitled to from the profits calculated for all portfolio investments in the aggregate. See "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." 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 funds is uncertain and will contribute to the volatility of our results. Carried interest depends on our 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. Generally, with respect to our private equity funds, 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 a number of our credit funds, our incentive income is generally 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. The general partners of certain of our credit funds accrue carried interest when the fair value of investments exceeds the cost basis of the individual investor's investments in the fund, including any allocable share of expenses incurred in connection with such investment, which is referred to as a "high water mark." These high water marks are applied on an individual investor basis. If the high water mark for a particular investor is not surpassed, we would not earn incentive income with respect to such investor during a particular period even though such investor had positive returns in such period as a result of losses in prior periods. If such an investor experiences losses, we will not be able to earn incentive income from such investor until it surpasses the previous high water mark. The incentive income we earn is therefore dependent on the net asset value of investors' investments in the fund, which could lead to significant volatility in our results.

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

### ***The investment management business is intensely competitive, which could have a material adverse impact on us.***

The investment management business is intensely competitive. We face competition both in the pursuit of outside investors for our funds and in acquiring investments in attractive portfolio companies and making other investments. 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 a result of the global economic downturn during 2008 and 2009 and generally poor returns in alternative asset investment businesses during the crisis, institutional investors suffered from decreasing returns, liquidity pressure, increased volatility and difficulty maintaining targeted asset allocations, and a significant number of investors materially decreased or temporarily stopped making new fund investments during this period. In an improved economy, such investors may elect to reduce their overall portfolio allocations to alternative investments such as private equity and hedge funds, resulting in a smaller overall pool of available capital in our industry. Even if such investors continue to invest at historic levels, they may seek to negotiate reduced fee structures or other modifications to fund structures as a condition to investing.

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

Competition among funds is based on a variety of factors, including:

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

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

- fund investors may develop concerns that we will allow a business to grow to the detriment of its performance;
- investors may reduce their investments in our funds or not make additional investments in our funds based upon current market conditions, their available capital or their perception of the health of our businesses;
- some of our competitors have greater capital, lower targeted returns or greater sector or investment strategy-specific expertise than we do, which creates competitive disadvantages with respect to investment opportunities;
- some of our competitors may also have a lower cost of capital and access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to investment opportunities;
- some of our competitors may perceive risk differently than we do, which could allow them either to outbid us for investments in particular sectors or, generally, to consider a wider variety of investments;
- some of our funds may not perform as well as competitors' funds or other available investment products;
- our competitors that are corporate buyers may be able to achieve synergistic cost savings in respect of an investment, which may provide them with a competitive advantage in bidding for an investment;
- some fund investors may prefer to invest with an investment manager that is not publicly traded;
- 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, may result in increased competition;
- there are relatively few barriers to entry impeding other alternative investment management firms from 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.

These and other factors could reduce our earnings and revenues and have a material adverse effect on our businesses. In addition, if we are forced to compete with other alternative investment 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 portions of carried interest as ordinary income rather than as capital gain for U.S. Federal income tax purposes. In addition, the United Kingdom proposed legislation in

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April 2015 that could change the scope and tax rate for carried interest. 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, if such legislation were passed in the U.S. or the United Kingdom, it could adversely affect our ability to recruit, retain and motivate our current and future investment professionals. See “—Risks Related to Taxation—Our structure involves complex provisions of U.S. Federal income tax law for which no clear precedent or authority may be available. Our structure is also subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis.” Many of our investment professionals are also entitled to receive carried interest or incentive income, and fluctuations in the distributions generated from such sources could also impair our ability to attract and retain qualified personnel. 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.

We strive to maintain a work environment that promotes our culture of collaboration, motivation and alignment of interests with our fund investors and shareholders. If we do not continue to develop and implement effective processes and tools to manage growth and reinforce this vision, 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 also entered into strategic partnerships and separately managed accounts, which lack the scale of our traditional funds and are more costly to administer. The prevalence of these accounts may also present conflicts and introduce complexity in the deployment of capital. 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 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. 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 IPO 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. Accordingly, our funds may be forced, under certain conditions, to sell securities at a loss.

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

Because certain of our 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 of our private equity fund investments, indebtedness may constitute 70% or more of a portfolio company's total debt and equity capitalization, including debt that may be incurred in connection with the investment, and a portfolio company's leverage may increase as a result of recapitalization transactions subsequent to the company's acquisition by a private equity fund. The absence of available sources of senior debt financing for extended periods of time could therefore materially and adversely affect our funds. An increase in either the general levels of interest rates or in the risk spread demanded by sources of indebtedness would make it more expensive to finance those investments. Increases in interest rates could also make it more difficult to locate and consummate private equity investments because other potential buyers, including operating companies acting as strategic buyers, may be able to bid for an asset at a higher price due to a lower overall cost of capital. In addition, a portion of the indebtedness used to finance certain of our fund investments often includes high-yield debt securities. Availability of capital from the high-yield debt markets is subject to significant volatility, and there may be times when we might not be able to access those markets at attractive rates, or at all. For example, the dislocation in the credit markets which we believe began in July 2007 and the record backlog of supply in the debt markets resulting from such dislocation materially affected the ability and willingness of banks to underwrite new high-yield debt securities for an extended period. While the debt markets have recovered in recent years, volatility in these markets has recently increased, and the availability of debt facilities has been limited to some degree as a result of guidance issued to banks in March 2013 by the Federal Reserve, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp. relating to loans to highly leveraged companies, and reported recent statements by the Federal Reserve and Office of the Comptroller of the Currency reaffirming their position on such loans.

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

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

As a result, the risk of loss associated with a leveraged entity is generally greater than for companies with comparatively less debt. For example, many investments consummated by private equity sponsors during 2005, 2006 and 2007 that utilized significant amounts of leverage subsequently experienced severe economic stress and in certain cases defaulted on their debt obligations due to a decrease in revenues and cash flow precipitated by the economic downturn.

When certain of our funds' existing portfolio investments reach the point when debt incurred to finance those investments matures in significant amounts and must be either repaid or refinanced, those investments may materially suffer if they have generated insufficient cash flow to repay maturing debt and there is insufficient capacity and availability in the financing markets to permit them to refinance maturing debt on satisfactory terms, or at all. If a limited availability of financing for such purposes were to persist for an extended period of time, when significant amounts of the debt incurred to finance these funds' existing portfolio investments came due, these funds could be materially and adversely affected. Additionally, if such limited availability of financing persists, our funds may also not be able to recoup their investments, as issuers of debt become unable to repay their borrowings.

Our credit 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 credit funds 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

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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, AINV is permitted to issue senior securities in amounts such that its asset coverage ratio equals at least 200% after each issuance of senior securities. Further, AFT and AIF, as registered investment companies, are permitted to (i) issue preferred shares in amounts such that their respective asset coverage equals at least 200% after issuance and (ii) incur indebtedness, including through the issuance of debt securities, so long as immediately thereafter the fund will have an asset coverage of at least 300% after issuance. The ability of each of AFT, AIF and AINV to pay dividends will be restricted if its asset coverage ratio falls below 200% and any amounts that it uses to service its indebtedness are not available for dividends to its common shareholders. 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.

***Certain of our investment funds may invest in high-yield, below investment grade or unrated debt, or securities of companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Such investments are subject to a greater risk of poor performance or loss.***

Certain of our investment funds, especially our credit funds, may invest in below investment grade or unrated debt, including corporate loans and bonds, each of which generally involves a higher degree of risk than investment grade rated debt, and may be less liquid. Issuers of high yield or unrated debt may be highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. As a result, high yield or unrated debt is often less liquid than investment grade rated debt. Also, investments may be made in loans and other forms of debt that are not marketable securities and therefore are not liquid. In the absence of hedging measures, changes in interest rates generally will also cause the value of debt investments to vary inversely to such changes. The obligor of a debt security or instrument may not be able or willing to pay interest or to repay principal when due in accordance with the terms of the associated agreement and collateral may not be available or sufficient to cover such liabilities. Commercial bank lenders and other creditors may be able to contest payments to the holders of other debt obligations of the same obligor in the event of default under their commercial bank loan agreements. Sub-participation interests in syndicated debt may be subject to certain risks as a result of having no direct contractual relationship with underlying borrowers. Debt securities and instruments may be rated below investment grade by recognized rating agencies or unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments.

Certain of our investment funds, especially our credit funds, may invest in business enterprises that are or may become involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions, and may purchase non-performing loans or other high-risk receivables. An investment in such a business enterprise entails the risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the fund of the security or other financial instrument in respect of which such distribution is received. In addition, if an anticipated transaction does not in fact occur, the fund may be required to sell its investment at a loss. Investments in troubled companies may also be adversely affected by U.S. federal and state laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and a bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in securities and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies, there is a potential risk of loss by a fund of its entire investment in such company. Moreover, a major economic recession could have a materially adverse impact on the value of such securities.

Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of securities rated below investment grade or otherwise adversely affect our reputation. For example, certain of our investment funds, especially our credit funds, may receive equity in exchange for debt securities of troubled companies in which they have invested, and thus become equity owners of business enterprises that have not been subject to the same level or kind of due diligence investigation that our funds would typically conduct in connection with an equity investment. This could result in adverse publicity, reputational harm, and possibly control person liability in certain circumstances depending on the size of the funds' equity stake and other factors.



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***The operational risk we face from errors made in the execution, confirmation or settlement of transactions and our dependence on our headquarters in New York City and third-party providers may have an adverse impact on our ability to continue to operate our businesses without interruption which could result in losses to us 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 business is highly dependent on our ability to process and evaluate, on a daily basis, transactions across markets and geographies in a time-sensitive, efficient and accurate manner. Consequently, we rely heavily on our financial, accounting and other data processing systems. New investment products we may introduce could create a significant risk that our existing systems may not be adequate to identify or control the relevant risks in the investment strategies employed by such new investment products. In addition, our information systems and technology might not be able to accommodate our growth, and the cost of maintaining such systems might increase from its current level. These risks could cause us to suffer financial loss, a disruption of our businesses, liability to our funds, regulatory intervention and reputational damage.

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

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

***We rely on our information systems to conduct our business, and failure to protect these systems against security breaches could adversely affect our business and results of operations. Additionally, if these systems fail or become unavailable for any significant period of time, our business could be harmed.***

The efficient operation of our business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could result in decreased performance and increased operating costs, causing our business and results of operations to suffer. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect our business and results of operations.

Our funds' portfolio companies also rely on data processing systems and the secure processing, storage and transmission of information, including payment and health information. A disruption or compromise of these systems could have a material adverse effect on the value of these businesses.

***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, the fund's board of directors or the third-party advisor the right to terminate our investment management agreement with the fund. However, insofar as we control the general partner of our funds that are limited partnerships, the risk of termination of investment management agreement for such funds is limited, subject to our fiduciary or contractual duties as general partner. This risk is more significant for certain of our funds which have independent boards of directors.

With respect to our funds that are subject to the Investment Company Act, following the initial two years of operation each fund's investment management agreement must be approved annually by such fund's 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. Each investment management agreement for such funds can also be terminated by the majority of the shareholders. Currently, AFT and AIF,

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management investment companies under the Investment Company Act, and AINV, a management investment company that has elected to be treated as a business development company under the Investment Company Act, are subject to these provisions of the Investment Company Act. We have also been engaged as a sub-advisor for funds that are subject to Investment Company Act, and those sub-advisory agreements contain, among other things, renewal and termination provisions that are substantially similar to the investment management agreements for each of AFT, AIF and AINV. 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.

The governing documents of certain of our funds 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. 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 senior notes outstanding and loans outstanding and an undrawn revolving credit facility under the 2013 AMH Credit Facilities described in note 12 to our consolidated financial statements. 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 above 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, if any, which might result in an increase in our borrowing costs or result in other material adverse effects on our businesses.

As these borrowings, notes and other indebtedness mature (or are otherwise repaid prior to their scheduled maturities), we may be required to either refinance them by entering into new facilities or issuing new notes, 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, issuing new notes or issuing equity in the future on attractive terms, or at all.

***We are subject to third-party litigation from time to time that could result in significant liabilities and reputational harm, which could have a material adverse effect on 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 third-party allegations that we (i) improperly exercised control or influence over companies in which our funds have large investments or (ii) are liable for actions or inactions taken by portfolio companies that such third parties argue we control. 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. As an additional example, we are sometimes listed as a co-defendant in actions against portfolio companies on the theory that we control such portfolio companies. We are also exposed to risks of litigation or investigation relating to transactions that presented conflicts of interest that were not properly addressed. See “—Our failure to deal appropriately with conflicts of interest could damage our reputation and adversely affect our businesses.” 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



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all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or failure to obtain indemnification from our funds, our results of operations, financial condition and liquidity would be materially adversely affected.

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

If any civil or criminal lawsuits brought against us were to result in a finding of substantial legal liability or culpability, 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 qualified professionals 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. See “Item 3. Legal Proceedings.”

### ***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 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.

***Investing throughout the corporate capital structure.*** Our funds invest in a broad range of asset classes throughout the corporate capital structure. These investments include investments in corporate loans and debt securities, preferred equity securities and common equity securities. In certain cases, we may manage separate funds that invest in different parts of the same company’s capital structure. For example, our credit funds may invest in different classes of the same company’s debt. In those cases, the interests of our funds may not always be aligned, which could create actual or potential conflicts of interest or the appearance of such conflicts. For example, one of our private equity funds could have an interest in pursuing an acquisition, divestiture or other transaction that, in its judgment, could enhance the value of the private equity investment, even though the proposed transaction would subject one of our credit fund’s debt investments to additional or increased risks.

***Potential conflicts of interest with our Managing Partners or our directors.*** 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 report 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. See “- 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 taxation or law and other legislative or regulatory changes could adversely affect us.”

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

We intend, to the extent that market conditions warrant, to grow our businesses by increasing AUM in existing businesses and expanding into new investment strategies, geographic markets and businesses. Our organizational documents, however, do not limit us to the investment management business. Accordingly, we may pursue growth through acquisitions of other investment management companies, acquisitions of critical business partners or other strategic initiatives, which may include entering into new lines of business, such as the insurance, broker-dealer or financial advisory industries. In addition, we expect opportunities will arise to acquire other alternative or traditional asset managers. To the extent we make strategic investments or acquisitions, undertake other strategic initiatives or enter into a new line of business, we will face numerous risks and uncertainties, including risks associated with (i) the required investment of capital and other resources, (ii) the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk, (iii) combining or integrating operational and management systems and controls and (iv) the broadening of our geographic footprint, including the risks associated with conducting operations in foreign jurisdictions. Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk. For example, our planned business initiatives include offering additional registered investment products and creating investment products open to retail investors. These products may have different economic structures than our traditional investment funds and may require a different marketing approach. These activities also will impose additional compliance burdens on us, subject us to enhanced regulatory scrutiny and expose us to greater reputation and litigation risk. Further, these activities may give rise to conflicts of interest, related party transaction risks and may lead to litigation or regulatory scrutiny. 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. Fraud and other deceptive practices or other misconduct at our portfolio companies could similarly subject us to liability and reputational damage and also harm our performance.***

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 the employees of our portfolio companies, or even unsubstantiated allegations, could result in a material adverse effect on our reputation and our businesses.

In addition, we could also be adversely affected if there is misconduct by individuals associated with portfolio companies in which our funds invest. For example, failures by personnel, or individuals acting on behalf, of our funds’ portfolio companies to comply with anti-bribery, trade sanctions or other legal and regulatory requirements could adversely affect our business and reputation. There are a number of grounds upon which such misconduct at a portfolio company could subject us to criminal and/or civil liability, including on the basis of actual knowledge, willful blindness, or control person liability. Such misconduct might also undermine our funds’ due diligence efforts with respect to such companies and could negatively affect the valuation of a fund’s investments.

***Underwriting activities expose us to risks.***

AGS, a subsidiary of ours, may act as an underwriter in securities offerings. We may incur losses and be subject to reputational harm to the extent that, for any reason, we are unable to sell securities or indebtedness we purchased as an underwriter at the anticipated price levels. As an underwriter, we also are subject to potential liability for material misstatements or omissions in prospectuses and other offering documents relating to offerings we underwrite.

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AGS primarily provides these services for our funds' portfolio companies. The relationship between the managers of our funds, their affiliates and AGS may give rise to conflicts of interest between the managers of the funds and the funds with respect to whom AGS provides services or the funds who have an interest in any portfolio companies or investment vehicles to whom AGS provides services.

While AGS's services are primarily provided to our funds, it is possible that in the future, AGS may also provide services (including financing, capital market and advisory services) to third parties, including third parties that are our competitors or one or more of their affiliates or any portfolio companies. In the event that AGS provides services to third parties, it may not take into consideration the interests of our funds or our funds' portfolio companies.

***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 fund 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.

***Risk management activities may adversely affect the return on our funds' investments.***

When managing our exposure to market risks, we may (on our own behalf or on behalf of our funds) from time to time use forward contracts, options, swaps, caps, collars and floors or pursue other strategies or use other forms of derivative instruments to limit our exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates, currency exchange rates and commodity prices. The scope of risk management activities undertaken by us varies based on the level and volatility of interest rates, prevailing foreign currency exchange rates, the types of investments that are made and other changing market conditions. The use of hedging transactions and other derivative instruments to reduce the effects of a decline in the value of a position does not eliminate the possibility of fluctuations in the value of the position or

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prevent losses if the value of the position declines. Such transactions may also limit the opportunity for gain if the value of a position increases. Moreover, it may not be possible to limit the exposure to a market development that is so generally anticipated that a hedging or other derivative transaction cannot be entered into at an acceptable price. The success of any hedging or other derivative transaction generally will depend on our ability to correctly predict market changes, the degree of correlation between price movements of a derivative instrument and the position being hedged, the creditworthiness of the counterparty and other factors. As a result, while we may enter into such a transaction in order to reduce our exposure to market risks, the transaction may result in poorer overall investment performance than if it had not been executed. Such transactions may also limit the opportunity for gain if the value of a hedged position increases.

While such hedging arrangements may reduce certain risks, such arrangements themselves may entail certain other risks. These arrangements may require the posting of cash collateral at a time when a fund has insufficient cash or illiquid assets such that the posting of the cash is either impossible or requires the sale of assets at prices that do not reflect their underlying value. Moreover, these hedging arrangements may generate significant transaction costs, including potential tax costs, that reduce the returns generated by a fund. Finally, the CFTC has made several public statements that it may soon issue a proposal for certain foreign exchange products to be subject to mandatory clearing, which could increase the cost of entering into currency hedges.

***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.

***Funds we manage may invest in assets denominated in currencies that differ from the currency in which the fund is denominated.***

When our investment funds invest in assets denominated in currencies that differ from the currency that the relevant fund is denominated in, fluctuations in currency rates could impact the performance of the investment funds. We also have a number of investment funds which are denominated in U.S. Dollars but invest primarily or exclusively in assets denominated in foreign currencies and therefore whose performance can be negatively impacted by strengthening of the U.S. Dollar even if the underlying investments perform well in local currency.

Our funds may employ hedging techniques to minimize these risks, but we can offer no assurance that such strategies will be effective or tax-efficient. If our funds engage in hedging transactions, we may be exposed to additional risks associated with such transactions.

***Certain of our funds make investments in companies that we do not control.***

Investments by certain of our funds will include debt instruments, equity securities, and other financial instruments of companies that our funds do not control. Such instruments and securities may be acquired by our funds through trading activities or through purchases of securities or other financial instruments from the issuer. In addition, in the future, our 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 funds' 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 many of our funds, we cannot give assurance as to the degree of diversification that will actually be achieved in any fund investments. For example, we manage AAA, and Athene Holding is AAA's only material investment. Because a significant portion or all of a fund's capital may be invested in a single investment or portfolio company, a loss with respect to such an investment or portfolio company could have a significant adverse impact on such fund's capital. Accordingly, a lack of diversification on the part of a fund could adversely affect its performance, which could have a material adverse effect on our business, financial condition and results of operations.

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***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, economic and tax uncertainties and risks.***

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

Restrictions imposed or actions taken by foreign governments may adversely impact the value of our funds' 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. Our fund investments could also expose us to risks associated with trade and economic sanctions prohibitions or other restrictions imposed by the United States or other governments or organizations, including the United Nations, the EU and its member countries, such as the sanctions against certain Russian entities and individuals. 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 targeted risk-adjusted returns.

In addition, as a result of the complexity of, and lack of clear precedent or authority with respect to, the application of various income tax laws to our structures, the application of rules governing how transactions and structures should be reported is also subject to differing interpretations. For example, certain jurisdictions such as Australia, Canada, China, India, Spain, Portugal, Italy, France and Hong Kong, where our funds have made investments, have sought to tax investment gains (including those from real estate) derived by nonresident investors, including private equity funds, from the disposition of the equity in companies operating in those jurisdictions. In some cases this development is the result of new legislation or changes in the interpretation of existing legislation and local authority assertions that investors have a local taxable presence or are holding companies for trading purposes rather than for capital purposes, or are not otherwise entitled to treaty benefits. In addition, the tax authorities in certain jurisdictions have sought to deny the benefits of income tax treaties for withholding taxes on interest and dividends of nonresident entities, if the entity is not the beneficial owner of the income but rather a mere conduit company inserted primarily to access treaty benefits.

For example, under the laws of Hong Kong, profits arising in or derived from Hong Kong from a trade, profession or business carried on by a person or an agent acting on the person's behalf in Hong Kong (excluding profits arising from the sale of capital assets) are subject to Hong Kong profits tax in general. The current profits tax rate is generally 16.5% for corporations and 15% for unincorporated businesses. Although Hong Kong provides a profits tax exemption for offshore funds on profits derived from certain transactions, under the current tax law, transactions in securities of a private company do not benefit from this exemption unless they satisfy certain conditions. Therefore, offshore funds that make use of services of a fund manager, investment advisor or any other person acting on their behalf in Hong Kong to derive profits from transactions in securities of private companies may be subject to Hong Kong profits tax, if the prescribed conditions are not satisfied. There is no assurance that any investments under our structures will be exempt from profits tax under Hong Kong's tax law. It should be noted that offshore fund structures have been subject to scrutiny in recent tax audits by Hong Kong's Inland Revenue Department.

With respect to India, in 2012 the Supreme Court of India held in favor of a taxpayer finding that the sale of a foreign company that indirectly held Indian assets was not subject to Indian tax. However, the tax laws were amended in 2012 to subject such gains to Indian tax with retroactive effect. Further, a general anti-avoidance rule was also introduced that would provide a basis for the tax authorities to subject other sales and investments through intermediate holding jurisdictions such as Mauritius to Indian tax. The Finance Act 2015 deferred the applicability of these general anti-avoidance rules until the tax year beginning on April 1, 2017 onwards. Further, given that the rules governing the treatment of capital gains in connection with indirect sale of an Indian company have not yet been finalized, there are several grey areas which could potentially result in protracted tax litigation. Accordingly, Indian taxation of the capital gains of a foreign investor, upon a direct or indirect sale of an Indian company, remains uncertain.

The U.K. has also enacted legislation that may affect our funds' investments. The U.K. Diverted Profits Tax ("DPT") regime was introduced with effect from April 1, 2015 as a new tax separate from the U.K.'s existing Corporate Income Tax regime.

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DPT charges a rate of 25% on profits that, under the terms of the legislation, are considered to have been eroded from the U.K. tax base. The DPT legislation is intended to counteract and deter arrangements used by multinational corporate groups which, it is argued, have resulted in the erosion of the U.K. tax base. DPT operates through two main rules: (i) the first rule aims to prevent U.K. tax resident companies, or U.K. PEs, from creating tax advantages through transacting with entities that lack economic substance; and (ii) the second rule aims to counteract arrangements by which foreign companies sell into the U.K. without creating a U.K. PE. Under the legislation, if it is "reasonable to assume" a U.K. company is party to an arrangement that lacks economic substance and which results in a tax advantage in the U.K., or it is "reasonable to assume" the activity of the involved parties is designed in such a way as to avoid the creation of a U.K. PE, DPT could apply. Further, the U.K. released draft anti-hybrid legislation for consultation on December 9, 2015. The rules would replace the existing U.K. arbitration rules as from January 1, 2017. The U.K. tax authorities published examples of the application of the rules in December 2015. The draft U.K. legislation closely follows the recommendations of the OECD's BEPS Action 2. Neutralizing the Effects of Hybrid Mismatch Arrangements and its publication should provide more clarity in this area. However, uncertainty remains around what, if anything, other countries outside the U.K. will do, and it may be necessary to consider various scenarios when applying the imported mismatch rules. In addition, the U.K. released draft Tax Transparency legislation on December 9, 2015. This legislation requires many large businesses to publish their U.K. tax strategies on their websites before the end of each financial year for accounting periods beginning on or after the date of Royal Assent to the Finance Bill which is expected sometime in July 2016. The scope requirements, which are relatively complex, have extended beyond those of the Senior Accounting Officer regime to include new taxes, new entity types and to interact with the OECD's country by country reporting regime. This will likely result in additional compliance obligations, which may be costly and ultimately adversely affect our profitability.

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

The governing agreements of certain of our funds allow the investors of those funds to, among other things, (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. Each of Fund VI, Fund VII and Fund VIII, on which our near- to medium-term performance will heavily depend, include a number of such provisions. COF III, EPF II and certain other credit funds have similar provisions. Also, after undergoing the 2007 Reorganization, subsequent to which we deconsolidated certain funds that had historically been consolidated in our financial statements, we amended the governing documents of our funds at that time 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 some of our credit 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, poor investment performance, 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 AUM could accelerate. The decrease in revenues that would result from significant redemptions in these funds could have a material adverse effect on our businesses, revenues, net income and cash flows.

In addition, the management agreements of all of our funds would be terminated upon an "assignment," without the requisite consent, of these agreements, which may be deemed to occur in the event the investment advisors of our funds were to experience a change of control. We cannot be certain that consents required to assign our investment management agreements will be obtained if a change of control occurs. In addition, with respect to our publicly traded closed-end 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 shareholders, 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 and other fund investments could prove inaccurate.***

Our funds generally establish the capital structure of portfolio companies and certain other fund investments, including real estate investments, on the basis of financial projections for such investments. 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 investment's capital structure. Because of the leverage we typically employ in our fund investments, this could cause a substantial decrease in the value of our equity holdings in such investments. The inaccuracy of financial projections could thus cause our funds' performance to fall short of our expectations.

***Our private equity funds' performance, and our performance, may be adversely affected by the financial performance of our funds' portfolio companies and the industries in which our funds invest.***

Our performance and the performance of our private equity funds is significantly affected by the value of the companies in which our funds have invested. Our funds invest in companies in many different industries, each of which is subject to volatility based upon a variety of facts, including economic and market factors. The credit crisis caused significant fluctuations in the value of securities held by our funds and the global economic recession had a significant impact in overall performance activity and the demands for many of the goods and services provided by portfolio companies of the funds we manage. Although the U.S. economy has improved, conditions in economies outside the U.S. have generally improved at a less rapid pace (and in some cases have deteriorated), and there remain many obstacles to continued growth in the economy such as global geopolitical events, risks of inflation and high deficit levels for governments in the U.S. and abroad. These factors and other general economic trends may impact the performance of portfolio companies in many industries and in particular, industries that are more impacted by changes in consumer demand, such as the packaging, manufacturing, energy, chemical and refining industries, as well as travel and leisure, gaming, financial services and real estate industries. The performance of our private equity funds, and our performance, may be adversely affected to the extent our fund portfolio companies in these industries experience adverse performance or additional pressure due to downward trends. For example, the performance of certain of our portfolio companies in the packaging, manufacturing, energy chemical and refining industries is subject to the cyclical and volatile nature of the supply-demand balance in these industries. These industries historically have experienced alternating periods of capacity shortages leading to tight supply conditions, causing prices and profit margins to increase, followed by periods when substantial capacity is added, resulting in oversupply, declining capacity utilization rates and declining prices and profit margins. In addition to changes in the supply and demand for products, the volatility these industries experience occurs as a result of changes in energy prices, costs of raw materials and changes in various other economic conditions around the world.

The performance of our funds' investments in the commodities markets is also subject to a high degree of business and market risk, as it is substantially dependent upon prevailing prices of oil and natural gas. Certain of our funds have investments in businesses involved in oil and gas exploration and development, which can be a speculative business involving a high degree of risk, including: the volatility of oil and natural gas prices; the use of new technologies; reliance on estimates of oil and gas reserves in the evaluation of available geological, geophysical, engineering and economic data; and encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, equipment failures and other accidents in completing wells and otherwise, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, pollution, fires, spills and other environmental risks. Prices for oil and natural gas have decreased significantly during the latter part of 2014 and throughout 2015, and there can be no assurance that prices will recover. If prices remain at their current level for an extended period of time, there could be an adverse impact on the performance of certain of our funds, and this impact may be material. These prices are also subject to wide fluctuation in response to relatively minor changes in the supply and demand for oil and natural gas, market uncertainty and a variety of additional factors that are beyond our control, such as level of consumer product demand, the refining capacity of oil purchasers, weather conditions, government regulations, the price and availability of alternative fuels, political conditions, foreign supply of such commodities and overall economic conditions. It is common in making investments in the commodities markets to deploy hedging strategies to protect against pricing fluctuations but such strategies may or may not be employed by us or our funds' portfolio companies, and even when they are employed they may not protect our funds' investments.

Our funds' investments in companies in the financial services sector are subject to a variety of factors, such as market uncertainty, additional government regulations, disclosure requirements, limits on fees, increasing borrowing costs or limits on the terms or availability of credit to such portfolio companies, and other regulatory requirements each of which may impact the conduct of such portfolio companies. Compliance with changing regulatory requirements will likely impose staffing, legal, compliance and other costs and administrative burdens upon our funds' investments in financial services. Various sectors of the global financial markets have been experiencing an extended period of adverse conditions. Market uncertainty has increased

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dramatically, particularly in the United States and Europe, and adverse market conditions have expanded to other markets. These conditions have resulted in disruption of the global credit markets, periods of reduced liquidity, greater volatility, general widening of credit spreads, an acute contraction in the availability of credit and a lack of price transparency. These difficult global credit market conditions have adversely affected the market values of equity, fixed income and other securities and these circumstances may continue or even deteriorate further.

In respect of real estate, even though the U.S. residential real estate market has stabilized from a lengthy and deep downturn, various factors could halt or limit a recovery in the housing market and have an adverse effect on the performance of certain of our funds' investments, including, but not limited to, rising mortgage interest rates and a low level of consumer confidence in the economy and/or the residential real estate market.

In addition, our funds' investments in commercial mortgage loans and other commercial real-estate related loans are subject to risks of delinquency and foreclosure, and risks of loss that are greater than similar risks associated with mortgage loans made on the security of residential properties. If the net operating income of the commercial property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of a commercial property can be affected by various factors, such as success of tenant businesses, property management decisions, competition from comparable types of properties and declines in regional or local real estate values and rental or occupancy rates.

### ***Our credit funds are subject to numerous additional risks.***

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

- Generally, there may be few limitations on the execution of these funds' investment strategies, which are in many cases subject to the sole discretion of the management company or the general partner of such funds, or there may be numerous investment limitations or restrictions that require monitoring, compliance and maintenance.
- While we monitor the concentration of the portfolios of our credit funds, concentration in any one borrower or other issuer, product category, industry, region or country may arise from time to time.
- Given the flexibility and overlapping nature of the mandates and investment strategies of our credit funds, situations arise where certain of these funds hold (including outright positions in issuers and exposure to such issuers derived through any synthetic and/or derivative instrument) in multiple tranches of securities of an issuer (or other interests of an issuer) or multiple funds having interests in the same tranche of an issuer.
- Certain of these funds may engage in short-selling, which is subject to a theoretically unlimited risk of loss.
- These funds are exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the fund to suffer a loss.
- Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their respective liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions.
- The efficacy of the investment and trading strategies of certain credit funds may depend largely on the ability to establish and maintain an overall market position in a combination of different financial instruments, which can be difficult to execute.
- These funds may make investments or hold trading positions in markets that are volatile and which are or may become illiquid.
- Certain of these funds may seek to originate loans, including, but not limited to, secured and unsecured notes, senior and second lien loans, mezzanine loans, and other similar investments.
- These funds' investments are subject to risks relating to investments in commodities, futures, options and other derivatives, the prices of which are highly volatile and may be subject to a theoretically unlimited risk of loss in certain circumstances.

### ***Fraud and other deceptive practices could harm fund performance.***

Instances of bribery, 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. Fraud or other deceptive practices by our own employees or advisors could have a similar effect. In addition, when discovered, financial fraud may contribute to reputational harm and overall



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market volatility that can negatively impact an Apollo fund's investment program. As a result, instances of bribery, fraud and other deceptive practices 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 generally 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, or we could establish information barriers, all of which could adversely affect our business.***

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

In order to manage possible risks resulting from our decision not to implement information barriers, our compliance personnel maintain a list of restricted securities as to which we have access to material, non-public information and in which our funds and investment professionals are not permitted to trade. This internal control relating to the management of material non-public information could fail 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 would be restricted. The establishment of such information barriers might 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 could adversely affect our business.

***Regulations governing AINV'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, AINV 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, AINV 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.

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Business development companies may issue and sell common stock at a price below net asset value per share only in limited circumstances, one of which is during the one-year period after shareholder approval. AINV's shareholders have, in the past, approved a plan so that during the subsequent 12-month period, AINV may, in one or more public or private offerings of its common stock, sell or otherwise issue shares of its common stock at a price below the then current net asset value per share, subject to certain conditions including parameters on the level of permissible dilution, approval of the sale by a majority of its independent directors and a requirement that the sale price be not less than approximately the market price of the shares of its common stock at specified times, less the expenses of the sale. AINV may ask its shareholders for additional approvals from year to year. There is no assurance such approvals will be obtained.

### ***Regulations governing AFT's and AIF's operation affect their ability to raise, and the way in which they raise, additional capital.***

As registered investment companies under the Investment Company Act, each of AFT and AIF may issue debt securities or preferred stock and borrow money from banks or other financial institutions, up to the maximum amount permitted by the Investment Company Act. Under the provisions of the Investment Company Act, each of AFT and AIF is permitted to (i) issue preferred shares in amounts such that their respective asset coverage equals at least 200% after issuance and (ii) incur indebtedness, including through the issuance of debt securities, so long as immediately thereafter the fund will have an asset coverage of at least 300% after issuance. If the value of its assets declines, such fund may be unable to satisfy this test. If that happens, such fund 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. Further, each of AFT and AIF may raise capital by issuing common shares, however, the offering price per common share must equal or exceed the net asset value per share, exclusive of any underwriting commissions or discounts, of the funds' shares.

### **Risks Related to Our Class A Shares**

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

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. 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 distributions, 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;
- 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 investment 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 of our Class A shares may be heightened at or around times of investment realizations as well as following such realizations, 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.***

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 report.

***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. As of December 31, 2015, we had 181,078,937 Class A shares outstanding. The Class A shares reserved under our equity incentive plan are increased on the first day of each fiscal year by (i) the amount (if any) by which (a) 15% of the number of outstanding Class A shares and Apollo Operating Group units (“AOG Units”) exchangeable for Class A shares on a fully converted and diluted basis on the last day of the immediately preceding fiscal year exceeds (b) the number of shares then reserved and available for issuance under the Equity Plan, or (ii) such lesser amount by which the administrator may decide to increase the number of Class A shares. Taking into account grants of restricted share units (“RSUs”) and options made through December 31, 2015, 37,315,502 Class A shares remained available for future grant under our equity incentive plan. In addition, as of December 31, 2015, Holdings could at any time exchange its AOG Units for up to 216,169,856 Class A shares on behalf of our Managing Partners and Contributing Partners subject to the Amended and Restated Exchange Agreement. See “Item 13. Certain Relationships and Related Party Transactions-Amended and Restated Exchange Agreement.” 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, owned an aggregate of 54.4% of the AOG Units as of December 31, 2015. Subject to certain procedures and restrictions (including any transfer restrictions and lock-up agreements applicable to our Managing Partners and Contributing Partners), each Managing Partner and Contributing Partner has the right, upon 60 days’ notice prior to a designated quarterly date, to exchange the AOG Units for Class A shares. These Class A shares are eligible for resale from time to time, subject to certain contractual restrictions and Securities Act limitations.

Our Managing Partners and Contributing Partners (through Holdings) have the ability to cause us to register the Class A shares they acquire upon exchange of their AOG Units, as was done in connection with the Company’s Secondary Offering in May 2013. See “Item 13. Certain Relationships and Related Party Transactions-Managing Partner Shareholders Agreement- Registration Rights.”

The Strategic Investors have the ability to cause us to register any of their non-voting Class A shares, as was done in connection with the Company’s Secondary Offering in May 2013. See “Item 13. Certain Relationships and Related Party Transactions-Lenders Rights Agreement.”

We have on 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, such shares will be freely tradable.

***We cannot assure you that our intended quarterly distributions 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 ensuing quarter. The declaration, payment and determination of the amount of our quarterly dividend, if any, will be at the sole discretion of our manager, who may change our dividend policy at any time. We cannot assure you that any distributions, 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 distributions 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 Holdings GP, Ltd. ("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 represented 61.4% of the total combined voting power of our shares entitled to vote as of December 31, 2015. 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 (as described in "Item 10. Directors, Executive Officers and Corporate Governance-Our Manager") 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 our Company. 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 give us the ability to 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 our Company, 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 indemnify directors and officers for acts or omissions only 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.

***Awards of our Class A shares may increase shareholder dilution and reduce profitability.***

We grant Class A restricted share units to certain of our investment professionals, both when hired and as a portion of the discretionary annual compensation they may receive. We require that a portion of the incentive income distributions payable by the general partners of certain of the funds we manage be used by the recipients of those distributions to purchase restricted Class A shares issued under our equity incentive plan. While this practice promotes alignment with shareholders and encourages investment professionals to maximize the success of the Company as a whole, these equity awards, if fulfilled by issuances of new shares by us rather than by open market purchases (which do not cause any dilution), may increase personnel-related shareholder dilution. In addition, volatility in the price of our Class A shares could adversely affect our ability to attract and retain our investment professionals. To recruit and retain existing and future investment professionals, we may need to increase the level of compensation that we pay to them, which may cause a higher percentage of our revenue to be paid out in the form of compensation, which would have an adverse impact on our profit margins.

***Purchases of our Class A shares pursuant to our share repurchase program may affect the value of our Class A shares, and there can be no assurance that our share repurchase program will enhance shareholder value.***

Pursuant to our publicly announced share repurchase program, we are authorized to repurchase up to \$250 million in the aggregate of our Class A shares, including up to \$150 million in the aggregate of our outstanding Class A shares through a share repurchase program and up to \$100 million through a reduction of Class A shares to be issued to employees to satisfy associated tax obligations in connection with the settlement of equity-based awards granted under the our equity incentive plan. The timing and amount of any share repurchases will be determined based on market conditions, share price and other factors. This activity could increase (or reduce the size of any decrease in) the market price of our Class A shares at that time. Additionally, repurchases under our share repurchase program have and will continue to diminish our cash reserves, which could impact our ability to pursue

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possible strategic opportunities and acquisitions and could result in lower overall returns on our cash balances. There can be no assurance that any share repurchases will enhance shareholder value because the market price of our Class A shares could decline. Although our share repurchase program is intended to enhance long-term shareholder value, short-term share price fluctuations could reduce the program's effectiveness.

**Risks Related to Our Organization and Structure**

*Although not enacted, the U.S. Congress has considered legislation that would have: (i) in some cases after a ten-year transition period, precluded us from qualifying as a partnership or required us to hold carried interest through taxable corporations; and (ii) taxed certain income and gains at increased rates. If similar legislation were to be enacted and apply to us, the value of our Class A shares could be adversely affected.*

The U.S. Congress, the IRS and the U.S. Treasury Department have over the past several years examined 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 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. In May 2010, the U.S. House of Representatives passed legislation (the "May 2010 House Bill") that would have, in general, treated income and gains, including gain on sale, attributable to an interest in an investment services partnership interest ("ISPI") as income subject to a new blended tax rate that is higher than under current law, except to the extent such ISPI would have been considered under the legislation to be a qualified capital interest. The interests of Class A shareholders and our interests in the Apollo Operating Group that are entitled to receive carried interest may be classified as ISPIs for purposes of this legislation. The United States Senate considered, but did not pass, similar legislation. On February 14, 2012, Representative Levin (D-MI) introduced similar legislation that would have taxed carried interest at ordinary income rates (which would be higher than the proposed blended rate in the May 2010 House Bill). On June 25, 2015, Representative Levin introduced a slightly modified version of his 2012 bill (together with the 2012 bill, the "Levin Bills"). It is unclear whether or when the U.S. Congress will pass similar legislation or what provisions would be included in any legislation, if enacted.

The May 2010 House Bill and both Levin Bills provide that, for taxable years beginning ten years after the date of enactment, income derived with respect to an ISPI that is not a qualified capital interest and that is treated as ordinary income under the rules discussed above would not meet the qualifying income requirements under the publicly traded partnership rules. Therefore, if similar legislation were to be enacted, following such ten-year period, we would be precluded from qualifying as a partnership for U.S. Federal income tax purposes or be required to hold all such ISPIs through corporations, possibly U.S. corporations. If we were taxed as a U.S. corporation or required to hold all ISPIs through corporations, our effective tax rate would increase significantly. The federal statutory rate for corporations is currently 35%. In addition, we could be subject to increased state and local taxes. Furthermore, holders of Class A shares could be subject to tax on our conversion into a corporation or any restructuring required in order for us to hold our ISPIs through a corporation.

On September 12, 2011, the Obama administration submitted similar legislation to Congress in the American Jobs Act that would have taxed income and gain that was treated as capital gains, including gain on disposition of interests attributable to an ISPI, at rates higher than the capital gains rate applicable to such income under then-current law, with an exception for certain qualified capital interests. The proposed legislation also would have characterized certain income and gain in respect of ISPIs as non-qualifying income under the publicly traded partnership rules after a ten-year transition period from the effective date, with an exception for certain qualified capital interests. This proposed legislation followed several prior statements by the Obama administration in support of changing the taxation of carried interest. In its published revenue proposal for 2016, the Obama administration proposed that the current law regarding treatment of carried interest be changed to subject such income to ordinary income tax. The Obama administration's published revenue proposals for 2010, 2011, 2012, 2013, 2014 and 2015 contained similar proposals.

States and other jurisdictions have also considered legislation to increase taxes with respect to carried interest. For example, New York has periodically considered legislation under which non-residents of New York could be subject to New York state income tax on income in respect of our Class A shares as a result of certain activities of our affiliates in New York, although it is unclear when or whether such legislation would be enacted.

On February 26, 2014, Representative Dave Camp, who at the time was chairman of the House Ways and Means Committee, unveiled a detailed comprehensive tax reform proposal that would, among other things significantly limit the ability of publicly traded partnerships (PTPs) to avoid taxation as corporations. Under Representative Camp's proposal, only mining and natural resource PTPs would continue to be taxed on a flow-through basis. Representative Camp's proposal also called for a

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formulary approach to the taxation of carried interests. Under the formula, a portion of the gain recognized by partners providing services to certain investment partnerships would have been recharacterized as ordinary income. Representative Camp's carried interest proposal was limited in scope. For instance, it would not have applied to partners engaged in a real property trade or business. Although relatively clear in concept, the proposed legislative text contained ambiguities that could have significantly impacted the reach of the chairman's proposal. Representative Camp has since retired from Congress and his proposal was never taken up on the House floor; however, it is nonetheless significant in that it could serve as a model for a future Congress and presidential administration as they attempt to move forward on comprehensive tax reform legislation. For additional discussion about the potential impact of tax reform on our business, see "Federal tax reform efforts will continue, which may involve uncertainties and risks," below.

***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 and controlled 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 had 61.5% of the voting power of Apollo Global Management, LLC as of December 31, 2015. Therefore, they have the ability to control any shareholder vote that occurs, including any vote regarding the removal of our manager.

***Our board of directors has no authority over our operations other than that which our manager has chosen to delegate to it.***

For 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, and our board of directors has no authority other than that which our manager chooses to delegate to it. In the event that the Apollo control condition is not satisfied, our board of directors will manage all of our operations and activities.

For so long as the Apollo control condition is satisfied, our manager (i) nominates and elects all directors to our board of directors, (ii) sets the number of directors of our board of directors and (iii) fills any vacancies on our board of directors. After the Apollo control condition is no longer satisfied, each of our directors will be elected by the vote of a plurality of our shares entitled to vote, voting as a single class, to serve until his or her successor is duly elected or appointed and qualified or until his or her earlier death, retirement, disqualification, resignation or removal.

***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 controlled 61.5% of the combined voting power of our shares entitled to vote as of December 31, 2015. 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, were entitled to 54.4% of Apollo Operating Group's economic returns through the AOG Units owned by Holdings as of December 31, 2015. 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. For a description of the tax receivable agreement, see "Item 13. Certain Relationships and Related Party Transactions-Amended and Restated 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.



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***We qualify for, and rely on, exceptions from certain corporate governance and other requirements under the rules of the NYSE.***

We qualify for exceptions from certain corporate governance and other requirements under the rules of the NYSE. Pursuant to these exceptions, we may 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 are not required to hold annual meetings of our shareholders. Pursuant to the exceptions available to a controlled company under the rules of the NYSE, we have elected not to have a nominating and corporate governance committee comprised entirely of independent directors, nor a compensation committee comprised entirely of independent directors. Although we currently have a board of directors comprised of a majority of independent directors, we plan to continue to avail ourselves of these exceptions. Accordingly, you will not have the same protections afforded to equity holders of entities that are subject to all of the corporate governance requirements of the NYSE.

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

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

- Our manager determines the amount and timing of our investments and dispositions, indebtedness, issuances of additional stock and amounts of reserves, each of which can affect the amount of cash that is available for distribution to you.
- Our manager is allowed to take into account the interests of parties other than us in resolving conflicts of interest, which has the effect of limiting its duties (including fiduciary duties) to our shareholders; for example, our affiliates that serve as general partners of our funds have fiduciary and contractual obligations to our fund investors, and such obligations may cause such affiliates to regularly take actions that might adversely affect our near-term results of operations or cash flow; our manager has no obligation to intervene in, or to notify our shareholders of, such actions by such affiliates.
- Because our Managing Partners and Contributing Partners hold their AOG Units through entities that are not subject to corporate income taxation and Apollo Global Management, LLC holds the AOG 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, structuring, and disposition of investments. For example, the earlier taxable disposition of assets following an exchange transaction by a Managing Partner or Contributing Partner may accelerate payments under the tax receivable agreement and increase the present value of such payments, and the taxable disposition of assets before an exchange or transaction by a Managing Partner or Contributing Partner may increase the tax liability of a Managing Partner or Contributing Partner without giving rise to any rights to such Managing Partner or Contributing Partner to receive payments under the tax receivable agreement.
- Other than as provided in the non-competition, non-solicitation and confidentiality obligations 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.



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- 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 “Item 13. Certain Relationships and Related Party Transactions” 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 would be difficult for a shareholder to challenge a resolution of a conflict of interest by our manager or by our conflicts committee.***

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

Whenever a potential conflict of interest exists between us and our manager, our manager shall 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 would have recourse and be able to seek remedies against our manager only 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 would 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 would 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 the conflicts committee of the Company’s board of directors, 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.

***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 members of our manager may sell or transfer all or part of their membership interests in our manager without the approval of the shareholders, subject to certain restrictions as described elsewhere in this report. 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

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were to occur, our funds could experience difficulty in making new investments, and the value of our funds' existing investments, our businesses, our results of operations and our financial condition could materially suffer.

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

As a holding company, our ability to pay distributions will be subject to the ability of our subsidiaries to provide cash to us. We intend to make quarterly distributions to our Class A shareholders. Accordingly, we expect to cause the Apollo Operating Group to make distributions to its unitholders (Holdings, which is 100% owned, directly and indirectly, by our Managing Partners and our Contributing Partners, and the three intermediate holding companies, which are 100% owned by us), pro rata in an amount sufficient to enable us to pay such distributions to our Class A shareholders; however, such distributions may not be made. In addition, our manager can reduce or eliminate our distributions at any time, in its discretion.

There may be circumstances under which we are restricted from paying distributions 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).

***Tax consequences to our Managing Partners and Contributing Partners may give rise to conflicts of interests.***

As a result of unrealized built-in gain attributable to the value of our assets held by the Apollo Operating Group entities at the time of the Private Offering Transactions, upon the sale, refinancing or disposition of such assets, our Managing Partners and Contributing Partners may incur different and 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 correspondingly 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 Managing Partner or Contributing 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 (although other offsetting benefits would arise). 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 are required to pay our Managing Partners and Contributing Partners for most of the actual tax benefits we realize as a result of the tax basis step-up we receive in connection with our acquisitions of units from our Managing Partners and Contributing Partners.***

Subject to certain restrictions, each Managing Partner and Contributing Partner has the right to exchange the AOG Units that he holds through his partnership interest in Holdings for our Class A shares in a taxable transaction. These exchanges, as well as our acquisitions of units from our Managing Partners or Contributing Partners, may result in increases in the tax basis of the intangible assets of the Apollo Operating Group that otherwise would not have been available. Any such increases may reduce the amount of tax that APO Corp., a wholly owned subsidiary of Apollo Global Management, LLC, would otherwise be required to pay in the future.

We have entered into a tax receivable agreement with our Managing Partners and Contributing Partners 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 and certain other tax benefits, including imputed interest expense, related to entering into the tax receivable agreement. In April 2015 and April 2014, the Apollo Operating Group made a distribution of \$48.4 million and \$32.0 million, respectively, to APO Corp. and APO Corp. made a payment to satisfy the liability under the tax receivable agreement to the Managing Partners and Contributing Partners from a realized tax benefit for the tax years 2014 and 2013. Future payments that APO Corp. may make to our Managing Partners and Contributing Partners could be material in amount. In the event that any other of our current or future U.S. subsidiaries become taxable as corporations and acquire AOG 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 U.S. corporation will become subject to a tax receivable agreement with substantially similar terms.

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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 "Item 13. Certain Relationships and Related Party Transactions-Amended and Restated Tax Receivable Agreement."

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

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

**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 distributions from us.***

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

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

The value of your investment will depend in part on our company being treated as a partnership for U.S. Federal income tax purposes, which requires that 90% or more of our gross income for every taxable year consist of qualifying income, as defined in Section 7704 of the Internal Revenue Code, and that we are not required to register as an investment company under the Investment Company Act and related rules. Although we intend to manage our affairs so that our partnership will meet the 90% test described above in each taxable year, we may not meet these requirements or, as discussed below, 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.

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Current law may change, causing us to be treated as a corporation for U.S. Federal or state income tax purposes or otherwise subjecting us to entity level taxation. See “-Risks Related to Our Organization and Structure-Although not enacted, the U.S. Congress has considered legislation that would have: (i) in some cases after a ten-year transition period, precluded us from qualifying as a partnership or required us to hold carried interest through taxable corporations and (ii) taxed certain income and gains at increased rates. If similar legislation were to be enacted and apply to us, the value of our Class A shares could be adversely affected.” Because of widespread state budget deficits, several states are evaluating ways to subject partnerships to entity level taxation through the imposition of state income, franchise or other forms of taxation. If any state were to impose a tax upon us as an entity, our distributions to you would be reduced.

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

The U.S. Federal income tax treatment of holders of Class A shares depends in some instances on determinations of fact and interpretations of complex provisions of U.S. Federal income tax law for which no clear precedent or authority may be available. You should be aware that the U.S. Federal income tax rules are constantly under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. The IRS pays close attention to the proper application of tax laws to partnerships and entities taxed as partnerships. The present U.S. Federal income tax treatment of an investment in our Class A shares may be modified by administrative, legislative or judicial interpretation at any time, and any such action may affect investments and commitments previously made. Changes to the U.S. Federal income tax laws and interpretations thereof could make it more difficult or impossible to meet the 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) and adversely affect an investment in our Class A shares. For example, as discussed above under “-Risks Related to Our Organization and Structure-Although not enacted, the U.S. Congress has considered legislation that would have: (i) in some cases after a ten-year transition period, precluded us from qualifying as a partnership or required us to hold carried interest through taxable corporations; and (ii) taxed certain income and gains at increased rates. If similar legislation were to be enacted and apply to us, the value of our Class A shares could be adversely affected,” the U.S. Congress has considered various legislative proposals to treat all or part of the capital gain and dividend income that is recognized by an investment partnership and allocable to a partner affiliated with the sponsor of the partnership (i.e., a portion of the carried interest) as ordinary income to such partner for U.S. Federal income tax purposes.

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. For instance, our manager could elect at some point to treat us as an association taxable as a corporation for U.S. Federal (and applicable state) income tax purposes. If our manager were to do this, the U.S. Federal income tax consequences of owning our Class A shares would be materially different. Moreover, we will apply certain assumptions and conventions in an attempt to comply with applicable rules and to report income, gain, deduction, loss and credit to holders of Class A shares in a manner that reflects such beneficial ownership of items by holders of Class A shares, taking into account variation in ownership interests during each taxable year because of trading activity. However, those assumptions and conventions may not be in compliance with all aspects of applicable tax requirements. It is possible that the IRS will assert successfully that the conventions and assumptions used by us do not satisfy the technical requirements of the Internal Revenue Code and/or Treasury regulations and could require that items of income, gain, deductions, loss or credit, including interest deductions, be adjusted, reallocated or disallowed in a manner that adversely affects holders of Class A shares.

***Our interests in certain of our businesses are held through entities that are 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, we hold our interests in certain of our businesses through entities that are 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.

***Changes in U.S. tax law could adversely affect our ability to raise funds from certain foreign investors.***

Under the Foreign Account Tax Compliance Act, or FATCA, certain U.S. withholding agents, or USWAs, foreign financial institutions, or FFIs, and non-financial foreign entities, or NFFEs, are required to report information about offshore accounts and investments to the U.S. or their local taxing authorities annually. In response to this legislation, various foreign governments have entered into Intergovernmental Agreements, or IGAs, with the U.S. Government and some have enacted similar legislation.

In order to meet these regulatory obligations, Apollo is required to register FFIs with the IRS, evaluate internal FATCA procedures, expand the review of investor Anti-Money Laundering/Know Your Customer and tax forms, evaluate the FATCA offerings by third party administrators and ensure that Apollo is prepared for the new global tax and information reporting requirements created under the U.S. and Non U.S. FATCA regimes.

Further, FATCA as well as Chapters 3 and 61 of the Internal Revenue Code, require Apollo to collect new IRS Tax Forms (W-9 and W-8 series), UK/Cayman Self-Certifications and other supporting documentation from their investors. Apollo has undertaken efforts to re-paper their existing investors.

Failure to meet these regulatory requirements could expose Apollo and/or its investors to a punitive withholding tax of 30% on certain U.S. payments (and beginning in 2019, a 30% withholding tax on gross proceeds from the sale of U.S. stocks and securities), and possibly limit their ability to open bank accounts and secure funding the global capital markets. The reporting obligations imposed under FATCA require FFIs to comply with agreements with the IRS to obtain and disclose information about certain investors to the IRS. The administrative and economic costs of compliance with FATCA may discourage some foreign investors from investing in U.S. funds, which could adversely affect our ability to raise funds from these investors.

***Federal tax reform efforts will continue which may involve tax uncertainties and risks.***

It is anticipated that the U.S. Congress will continue examining proposals that would provide for a comprehensive overhaul of U.S. Federal income tax laws, which could result in sweeping changes to many longstanding tax rules. Reform efforts could result in lower statutory tax rates, but those rate reductions could be offset by tax changes intended to broaden the tax base. As noted above in the discussion of “Risks Related to Our Organization and Structure,” tax reform legislation could require many entities currently operating as partnerships to be taxed as corporations and could cause income from carried interests to be taxed as ordinary income.

In addition, tax reform could include other base-broadening provisions spanning a variety of industry sectors, which also could adversely affect our business. For example, proposals affecting financial institutions and products may include changing the tax treatment of executive compensation, including bonuses, as well as the tax treatment of derivatives and other financial instruments. Other changes could include limiting or eliminating certain tax benefits currently available to cash value life insurance and deferred annuity products. Enactment of these or similar changes could adversely affect new sales, and possibly funding, of existing cash value life insurance and deferred annuity products.

Other proposals likely to emerge in the context of fundamental tax reform include: changes to the accelerated cost recovery system, mandatory amortization of certain advertising expenditures, repeal of the domestic production deduction, reforms to the subpart F rules, repeal of the last-in/first-out accounting rules, repeal of incentives currently available to oil and natural gas exploration and production companies, and limitations on the net operating loss deduction. The tax reform debate also may encompass proposals to move the United States toward a territorial system for taxing foreign-source income of United States multinationals and the possibility of a one-time transition tax on previously untaxed foreign earnings. Many of these proposals were included in the tax reform discussion draft that then-House Ways and Means Committee Chairman Dave Camp released in 2014; others were included in various budget proposals President Obama has released during his presidency. It is not possible to predict when tax reform will be enacted and what impact tax reform, if enacted, would have on our funds and our business, but there is the potential for significant changes in U.S. federal laws related to the tax treatment of products and services provided by Apollo and investments made by our funds.

***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 foreign subsidiaries that would be classified as corporations for U.S. Federal income tax purposes. Such entities may be passive foreign investment companies, or “PFICs,” or controlled foreign corporations, or “CFCs,” for U.S. Federal income tax purposes. For example, APO (FC), LLC and APO (FC II), LLC are considered to be CFCs 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, including the recognition of taxable income prior

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to the receipt of cash relating to such income. In addition, gain on the sale of a PFIC or CFC may be taxable at ordinary income tax rates.

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

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

***Tax gain or loss on disposition of our Class A shares could be more or less than expected.***

If you sell your Class A shares, you will recognize a gain or loss equal to the difference between the amount realized and your adjusted tax basis allocated to those Class A shares. Prior distributions to you in excess of the total net taxable income allocated to you will have decreased the tax basis in your Class A shares. Therefore, such excess distributions will increase your taxable gain, or decrease your taxable loss, when the Class A shares are sold and may result in a taxable gain even if the sale price is less than the original cost. A portion of the amount realized, whether or not representing gain, may be ordinary income to you.

***We cannot match transferors and transferees of Class A shares, and we have therefore adopted certain income tax accounting conventions that may not conform with all aspects of applicable tax requirements. The IRS may challenge this treatment, which could adversely affect the value of our Class A shares.***

Because we cannot match transferors and transferees of Class A shares, we have adopted depreciation, amortization and other tax accounting positions that may not conform with all aspects of existing Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to holders of Class A shares. It also could affect the timing of these tax benefits or the amount of gain on the sale of Class A shares and could have a negative impact on the value of Class A shares or result in audits of and adjustments to the tax returns of holders of Class A shares.

In addition, our taxable income and losses will be determined and apportioned among investors using conventions we regard as consistent with applicable law. As a result, if you transfer your Class A shares, you may be allocated income, gain, loss and deduction realized by us after the date of transfer. Similarly, a transferee may be allocated income, gain, loss and deduction realized by us prior to the date of the transferee's acquisition of our Class A shares. A transferee may also bear the cost of withholding tax imposed with respect to income allocated to a transferor through a reduction in the cash distributed to the transferee.

The sale or exchange of 50% or more of our capital and profit interests will result in the termination of our partnership for U.S. Federal income tax purposes. We will be considered to have been terminated for U.S. Federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. Our termination would, among other things, result in the closing of our taxable year for all holders of Class A shares and could result in a deferral of depreciation deductions allowable in computing our taxable income.

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

In light of our investment activities, we may be, or may become, engaged in a U.S. trade or business for U.S. Federal income tax purposes, in which case some portion of our income would be treated as effectively connected income with respect to non-U.S. holders of our Class A shares, or "ECI." Moreover, dividends paid by an investment that we make in a real estate investment trust, or "REIT," that are attributable to gains from the sale of U.S. real property interests and sales of certain investments in interests in U.S. real property, including stock of certain U.S. corporations owning significant U.S. real property, may be treated as ECI with respect to non-U.S. holders of our Class A shares. In addition, certain income of non-U.S. holders from U.S. sources



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not connected to any U.S. trade or business conducted by us could be treated as ECI. To the extent our income is treated as ECI, each non-U.S. holder generally would be subject to withholding tax on its allocable share of such income, would be required to file a U.S. Federal income tax return for such year reporting its allocable share of income effectively connected with such trade or business and any other income treated as ECI, and would be subject to U.S. Federal income tax at regular U.S. tax rates on any such income (state and local income taxes and filings may also apply in that event). Non-U.S. holders that are corporations may also be subject to a 30% branch profits tax on their allocable share of such income. In addition, certain income from U.S. sources that is not ECI allocable to non-U.S. holders may be reduced by withholding taxes imposed at the highest effective applicable tax rate.

***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 (“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. For example, APO Asset Co., LLC will hold interests in entities treated as partnerships, or otherwise subject to tax on a flow-through basis, that will incur indebtedness. 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 Apollo Operating Group Partnerships. Thus, a holder of Class A shares could be allocated more taxable income in respect of those Class A shares prior to disposition than if such an election were made.***

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

***Class A shareholders may be subject to state and local taxes and return filing requirements as a result of investing in our Class A shares.***

In addition to U.S. Federal income taxes, our Class A shareholders may be subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property now or in the future, even if our Class A shareholders do not reside in any of those jurisdictions. Our Class A shareholders may also be required to file state and local income tax returns and pay state and local income taxes in some or all of these jurisdictions. Further, Class A shareholders may be subject to penalties for failure to comply with those requirements. It is the responsibility of each Class A shareholder to file all U.S. Federal, state and local tax returns that may be required of such Class A shareholder.

***We may not be able to furnish to each Class A shareholder specific tax information within 90 days after the close of each calendar year, which means that holders of Class A shares who are U.S. taxpayers should anticipate the need to file annually a request for an extension of the due date of their income tax return. In addition, it is possible that Class A shareholders may be required to file amended income tax returns.***

As a publicly traded partnership, our operating results, including distributions of income, dividends, gains, losses or deductions and adjustments to carrying basis, will be reported on Schedule K-1 and distributed to each Class A shareholder annually. It may require longer than 90 days after the end of our fiscal year to obtain the requisite information from all lower-tier entities so that K-1s may be prepared for us. For this reason, Class A shareholders who are U.S. taxpayers should anticipate the need to file annually with the IRS (and certain states) a request for an extension past April 15 or the otherwise applicable due date of their income tax return for the taxable year.

In addition, it is possible that a Class A shareholder will be required to file amended income tax returns as a result of adjustments to items on the corresponding income tax returns of the partnership. Any obligation for a Class A shareholder to file amended income tax returns for that or any other reason, including any costs incurred in the preparation or filing of such returns, are the responsibility of each Class A shareholder.



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***You may be subject to an additional U.S. Federal income tax on net investment income allocated to you by us and on gain on the sale of the Class A shares.***

As of 2013, individuals, estates and trusts are subject to an additional 3.8% tax on “net investment income” (or undistributed “net investment income,” in the case of estates and trusts) for each taxable year, with such tax applying to the lesser of such income or the excess of such person’s adjusted gross income (with certain adjustments) over a specified amount. Net investment income includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. It is anticipated that net income and gain attributable to an investment in us will be included in a holder of the Class A share’s “net investment income” subject to this additional tax.

***We may be liable for adjustments to our tax returns as a result of recently enacted legislation.***

Legislation was recently enacted that significantly changes the rules for U.S. Federal income tax audits of partnerships. Such audits will continue to be conducted at the partnership level, but with respect to tax returns for taxable years beginning after December 31, 2017, any adjustments to the amount of tax due (including interest and penalties) will be payable by the partnership rather than the partners of such partnership unless the partnership qualifies for and affirmatively elects an alternative procedure. In general, under the default procedures, taxes imposed on us would be assessed at the highest rate of tax applicable for the reviewed year and determined without regard to the character of the income or gain, the tax status of our shareholders or the benefit of any shareholder-level tax attributes (that could otherwise reduce any tax due).

Under the elective alternative procedure, we would issue information returns to persons who were shareholders in the audited year, who would then be required to take the adjustments into account in calculating their own tax liability, and we would not be liable for the adjustments to the amount of tax due (including interest and penalties). The mechanics of the elective alternative procedure are not clear in a number of respects and will likely be clarified by future guidance. Our manager has discretion whether or not to make use of this elective alternative procedure and has not determined whether or to what extent the election will be available or appropriate.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

Our principal executive offices are located in leased office space at 9 West 57th Street, New York, New York 10019. We also lease the space for our offices in New York, Los Angeles, Houston, Chicago, Bethesda, Toronto, London, Frankfurt, Madrid, Luxembourg, Mumbai, Delhi, Singapore, Hong Kong and Shanghai. We do not own any real property. We consider these facilities to be suitable and adequate for the management and operation of our businesses.

**ITEM 3. LEGAL PROCEEDINGS**

See note 16 to our consolidated financial statements for a summary of the Company's legal proceedings.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II—OTHER INFORMATION****ITEM 5. MARKETS FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our Class A shares are traded on the NYSE under the symbol “APO.” Our Class A shares began trading on the NYSE on March 30, 2011.

The number of holders of record of our Class A shares as of February 26, 2016 was 21. This does not include the number of shareholders that hold shares in “street name” through banks or broker-dealers. As of February 26, 2016, there was 1 holder of our Class B share.

The following table sets forth the high and low intra-day sales prices per unit of our Class A shares, for the periods indicated, as reported by the NYSE:

2015	Sales Price	
	High	Low
First Quarter	\$ 25.80	\$ 20.96
Second Quarter	23.33	20.78
Third Quarter	22.61	15.35
Fourth Quarter	19.18	14.15

2014	Sales Price	
	High	Low
First Quarter	\$ 36.51	\$ 29.91
Second Quarter	32.44	24.06
Third Quarter	28.18	22.41
Fourth Quarter	25.18	20.02

**Cash Distribution Policy**

The following table sets forth the cash distributions paid to our Class A shareholders for the fiscal years ended December 31, 2015 and 2014.

Distribution Payment Date	Distribution Per Class A Share Amount	
February 26, 2014	\$	1.08
May 30, 2014		0.84
August 29, 2014		0.46
November 21, 2014		0.73
Total 2014 distribution	\$	3.11
February 27, 2015	\$	0.86
May 29, 2015		0.33
August 31, 2015		0.42
November 30, 2015		0.35
Total 2015 distribution	\$	1.96

We have declared an additional cash distribution of \$0.28 per Class A share in respect of the fourth quarter of 2015 which will be paid on February 29, 2016 to holders of record of Class A shares at the close of business on February 19, 2016.

Distributable Earnings (“DE”), as well as DE After Taxes and Related Payables are derived from our segment reported results, and are supplemental non-U.S. GAAP measures to assess performance and amounts available for distribution to Class A shareholders, holders of RSUs that participate in distributions and holders of AOG Units. DE represents the amount of net realized

earnings without the effects of the consolidation of any of the affiliated funds. DE, which is a component of EI, is the sum across all segments of (i) total management fees and advisory and transaction fees, excluding monitoring fees received from Athene based on its capital and surplus (as defined in Apollo’s transaction advisory services agreement with Athene), (ii) other income (loss), excluding the gains (losses) arising from the reversal of a portion of the tax receivable agreement liability (iii) realized carried interest income, and (iv) realized investment income, less (x) compensation expense, excluding the expense related to equity-based awards, (y) realized profit sharing expense, and (z) non-compensation expenses, excluding depreciation and amortization expense. DE After Taxes and Related Payables represents DE less estimated current corporate, local and non-U.S. taxes as well as the payable under Apollo’s tax receivable agreement.

Our current intention is to distribute to our Class A shareholders on a quarterly basis substantially all of our Distributable Earnings attributable to Class A shareholders, 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, any of our debt instruments or other agreements, or to provide for future distributions to our Class A shareholders for any ensuing quarter. Because we will not know what our actual available cash flow from operations will be for any year until sometime after the end of such year, our fourth quarter distribution may be adjusted to take into account actual net after-tax cash flow from operations for that year.

The declaration, payment and determination of the amount of our quarterly distribution will be at the sole discretion of our manager, which may

change our cash distribution policy at any time. We cannot assure you that any distributions, whether quarterly or otherwise, will or can be paid. In making decisions regarding our quarterly distribution, 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 distributions 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 distribution, if declared, will occur in three steps, as follows.

- **First**, we will cause one or more entities in the Apollo Operating Group to make a distribution to all of its partners, including our wholly-owned subsidiaries APO Corp., APO Asset Co., LLC, APO (FC), LLC, APO (FC II), LLC and APO UK (FC), LLC (as applicable), and Holdings, on a pro rata basis;
- **Second**, we will cause our intermediate holding companies, APO Corp., APO Asset Co., LLC, APO (FC), LLC, APO (FC II), LLC and APO UK (FC), LLC (as applicable), to distribute to us, from their net after-tax proceeds, amounts equal to the aggregate distribution we have declared; and
- **Third**, we will distribute the proceeds received by us to our Class A shareholders on a pro rata basis.

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 our Class A shares. See note 15 to our consolidated financial statements.

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 debt arrangements, as described in note 12 to our consolidated financial statements, do not contain restrictions on our or our subsidiaries' ability to pay distributions; however, instruments governing indebtedness that we or our subsidiaries incur in the future may contain restrictions on our or our subsidiaries' ability to pay distributions or make other cash distributions to equity holders.

In addition, the Apollo Operating Group's cash flow from operations may be insufficient to enable it to make 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 cash distribution policy has certain risks and limitations, particularly with respect to liquidity. Although we expect to pay distributions according to our cash distribution policy, we may not pay distributions according to our policy, or at all, if, among other things, we do not have the cash necessary to pay the intended distributions.

As of December 31, 2015, approximately 12.5 million RSUs granted to Apollo employees (net of forfeited awards) were entitled to distribution equivalents, which are paid in cash.

### Securities Authorized for Issuance Under Equity Compensation Plans

See the table under “Securities Authorized for Issuance Under Equity Compensation Plans” set forth in “Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.”

### Unregistered Sale of Equity Securities

On October 9, 2015, November 3, 2015, November 12, 2015 and December 10, 2015 we issued 518,849, 1,523,155, 782 and 549 Class A shares, respectively, net of taxes to Apollo Management Holdings, L.P., a subsidiary of Apollo Global Management, LLC, in connection with deliveries of shares to participants in our 2007 equity incentive plan for an aggregate purchase price of \$9,681,722, \$28,635,314, \$14,256 and \$10,321, respectively. The issuances were exempt from registration under the Securities Act in accordance with Section 4(a)(2) and Rule 506(b) thereof, as transactions by the issuer not involving a public offering. We determined that the purchaser of Class A shares in the transactions, Apollo Management Holdings, L.P., was an accredited investor.

### Class A Shares Repurchases in the Fourth Quarter of 2015

The following table sets forth purchases of our Class A shares made by us or on our behalf in the fourth quarter of the year ended December 31, 2015.

Period	Total Number of Class A Shares Purchased <sup>(1)</sup>	Average Price Paid per Share
October 1, 2015 through October 31, 2015	—	—
November 1, 2015 through November 30, 2015	3,865	\$ 18.19
December 1, 2015 through December 31, 2015	—	—
Total	3,865	

(1) During the fourth quarter of the year ended December 31, 2015, we repurchased a number of our Class A shares equal to the number of Class A restricted shares issued under our equity incentive plan during the quarter. All such repurchases were made in open-market transactions and not pursuant to a publicly-announced repurchase plan or program.

### ITEM 6. SELECTED FINANCIAL DATA

The following selected historical consolidated and combined financial and other data of Apollo Global Management, LLC should be read together with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical financial statements and related notes included in “Item 8. Financial Statements and Supplementary Data.”

The selected historical consolidated statements of operations data of Apollo Global Management, LLC for each of the years ended December 31, 2015, 2014 and 2013 and the selected historical consolidated statements of financial condition data as of December 31, 2015 and 2014 have been derived from our audited consolidated financial statements which are included in “Item 8. Financial Statements and Supplementary Data.”

We derived the selected historical consolidated statements of operations data of Apollo Global Management, LLC for the years ended December 31, 2012 and 2011 and the selected consolidated statements of financial condition data as of December 31, 2013, 2012 and 2011 from our audited consolidated financial statements which are not included in this report.

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	Year Ended December 31,				
	2015 <sup>(3)</sup>	2014	2013	2012	2011
	(dollars in thousands, except per share amounts)				
<b>Statement of Operations Data</b>					
<b>Revenues:</b>					
Advisory and transaction fees from affiliates, net	\$ 14,186	\$ 315,587	\$ 196,562	\$ 149,544	\$ 81,953
Management fees from affiliates	930,194	850,441	674,634	580,603	487,559
Carried interest income (loss) from affiliates	97,290	394,055	2,862,375	2,129,818	(397,880)
<b>Total Revenues</b>	<b>1,041,670</b>	<b>1,560,083</b>	<b>3,733,571</b>	<b>2,859,965</b>	<b>171,632</b>
<b>Expenses:</b>					
Compensation and benefits:					
Salary, bonus and benefits	354,524	338,049	294,753	274,574	251,095
Equity-based compensation	97,676	126,320	126,227	598,654	1,149,753
Profit sharing expense	85,229	276,190	1,173,255	872,133	(60,070)
<b>Total Compensation and Benefits</b>	<b>537,429</b>	<b>740,559</b>	<b>1,594,235</b>	<b>1,745,361</b>	<b>1,340,778</b>
Interest expense	30,071	22,393	29,260	37,116	40,850
General, administrative and other	102,255	97,663	98,202	87,961	75,558
Professional fees	68,113	82,030	83,407	64,682	59,277
Occupancy	40,219	40,427	39,946	37,218	35,816
Placement fees	8,414	15,422	42,424	22,271	3,911
Depreciation and amortization	44,474	45,069	54,241	53,236	26,260
<b>Total Expenses</b>	<b>830,975</b>	<b>1,043,563</b>	<b>1,941,715</b>	<b>2,047,845</b>	<b>1,582,450</b>
<b>Other Income:</b>					
Net gains (losses) from investment activities	121,723	213,243	330,235	288,244	(129,827)
Net gains (losses) from investment activities of consolidated variable interest entities	19,050	22,564	199,742	(71,704)	24,201
Income from equity method investments	14,855	53,856	107,350	110,173	13,923
Interest income	3,232	10,392	12,266	9,693	4,731
Other income, net	7,673	60,592	40,114	1,964,679	205,520
<b>Total Other Income</b>	<b>166,533</b>	<b>360,647</b>	<b>689,707</b>	<b>2,301,085</b>	<b>118,548</b>
Income (loss) before income tax provision	377,228	877,167	2,481,563	3,113,205	(1,292,270)
Income tax provision	(26,733)	(147,245)	(107,569)	(65,410)	(11,929)
<b>Net Income (Loss)</b>	<b>350,495</b>	<b>729,922</b>	<b>2,373,994</b>	<b>3,047,795</b>	<b>(1,304,199)</b>
Net (income) loss attributable to Non-controlling Interests <sup>(1)(2)</sup>	(215,998)	(561,693)	(1,714,603)	(2,736,838)	835,373
<b>Net Income (Loss) Attributable to Apollo Global Management, LLC</b>	<b>\$ 134,497</b>	<b>\$ 168,229</b>	<b>\$ 659,391</b>	<b>\$ 310,957</b>	<b>\$ (468,826)</b>
Distributions Declared per Class A Share	\$ 1.96	\$ 3.11	\$ 3.95	\$ 1.35	\$ 0.83
Net Income (Loss) Available to Class A Share – Basic	\$ 0.61	\$ 0.62	\$ 4.06	\$ 2.06	\$ (4.18)
Net Income (Loss) Available to Class A Share –Diluted	\$ 0.61	\$ 0.62	\$ 4.03	\$ 2.06	\$ (4.18)

	Year Ended December 31,				
	2015 <sup>(3)</sup>	2014	2013	2012	2011
	(in thousands)				
<b>Statement of Financial Condition Data</b>					
Total assets	\$ 4,559,808	\$ 23,172,788	\$ 22,474,674	\$ 20,634,810	\$ 7,973,314
Debt (excluding obligations of consolidated variable interest entities)	1,025,255	1,027,965	746,693	735,771	935,957
Debt obligations of consolidated variable interest entities	801,270	14,123,100	12,423,962	11,834,955	3,189,837
Total shareholders' equity	1,388,981	5,943,461	6,688,722	5,703,383	2,648,321
Total Non-controlling Interests	739,476	4,156,979	4,051,453	3,036,565	1,921,920

(1) Reflects Non-controlling Interests attributable to AAA (for all periods prior to January 1, 2015), consolidated variable interest entities and the remaining interests held by certain individuals who receive an allocation of income from certain of our credit management companies.

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- (2) Reflects the Non-Controlling Interests in the net (income) loss of the Apollo Operating Group relating to the AOG Units held by our Managing Partners and Contributing Partners which is calculated by applying the ownership percentage of Holdings in the Apollo Operating Group. Holdings' ownership interest in the Apollo Operating Group was impacted by the Company's initial public offering in April 2011, issuances of Class A shares in settlement of vested RSUs in each of the periods presented, and exchanges of certain AOG Units. See "Item 8. Financial Statements and Supplementary Data" for details of the ownership percentage in Holdings.
- (3) Apollo adopted new U.S. GAAP consolidation and collateralized financing entity ("CFE") guidance during the year ended December 31, 2015 which resulted in the deconsolidation of certain funds and VIEs as of January 1, 2015 and a measurement alternative of the financial assets and liabilities of the remaining consolidated CLOs. The adoption did not impact net income attributable to Apollo Global Management, LLC, but did impact various line items within the statements of operations and financial condition. See note 2 to the consolidated financial statements for details regarding the Company's adoption of the new consolidation and CFE guidance.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion should be read in conjunction with Apollo Global Management, LLC's consolidated financial statements and the related notes as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013. 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 of this report entitled "Item 1A. Risk Factors." The highlights listed below have had significant effects on many items within our consolidated financial statements and affect the comparison of the current period's activity with those of prior periods.*

### General

#### *Our Businesses*

Founded in 1990, Apollo is a leading global alternative investment manager. We are a contrarian, value-oriented investment manager in private equity, credit and real estate with significant distressed expertise and a flexible mandate in the majority of our funds which enables our funds to invest opportunistically across a company's capital structure. We raise, invest and manage funds on behalf of some of the world's most prominent pension, endowment and sovereign wealth funds as well as other institutional and individual investors. Apollo is led by our Managing Partners, Leon Black, Joshua Harris and Marc Rowan, who have worked together for more than 25 years and lead a team of 945 employees, including 353 investment professionals, as of December 31, 2015.

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

- (i) **Private equity**—primarily invests in control equity and related debt instruments, convertible securities and distressed debt instruments;
- (ii) **Credit**—primarily invests in non-control corporate and structured debt instruments including performing, stressed and distressed instruments across the capital structure; and
- (iii) **Real estate**—primarily invests in real estate equity for the acquisition and recapitalization of real estate assets, portfolios, platforms and operating companies, and real estate debt including first mortgage and mezzanine loans, preferred equity and commercial mortgage backed securities.

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

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

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



As of December 31, 2015, we had total AUM of \$170.1 billion across all of our businesses. More than 90% of our total AUM was in funds with a contractual life at inception of seven years or more, and 49% of such AUM was in permanent capital vehicles. On December 31, 2013, Fund VIII held a final closing raising a total of \$17.5 billion in third-party capital and approximately \$880 million of additional capital from Apollo and affiliated investors, and as of December 31, 2015, Fund VIII had \$13.0 billion of uncalled commitments remaining. Additionally, Fund VII held a final closing in December 2008, raising a total of \$14.7 billion, and as of December 31, 2015, Fund VII had \$2.5 billion of uncalled commitments remaining. We have consistently produced attractive long-term investment returns in our traditional private equity funds, generating a 39% gross IRR and a 25% net IRR on a compound annual basis from inception through December 31, 2015. Apollo’s traditional private equity funds’ depreciation was (0.2)% for the year ended December 31, 2015.

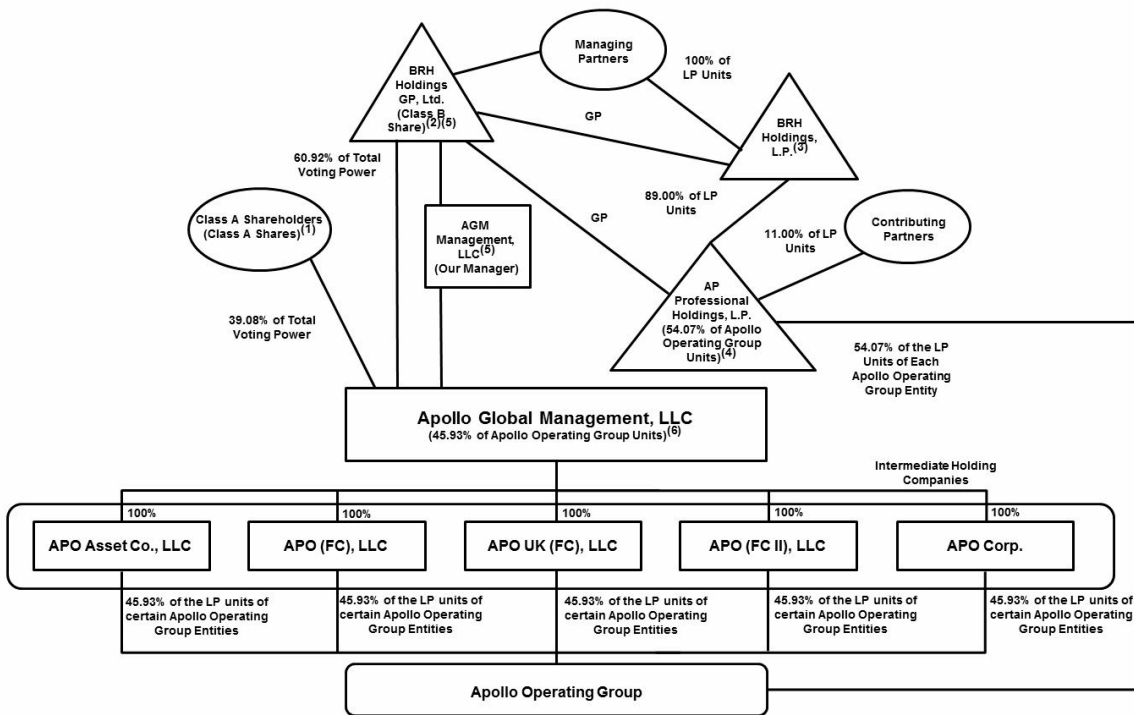
For our credit segment, total gross and net returns, excluding assets managed by Athene Asset Management that are not directly invested in Apollo funds and investment vehicles or sub-advised by Apollo, were 1.3% and 0.3%, respectively, for the year ended December 31, 2015.

For our real estate segment, total gross and net returns for U.S. RE Fund I including co-investment capital were 16.3% and 12.0%, respectively, for the year ended December 31, 2015.

For further detail related to fund performance metrics across all of our businesses, see “—The Historical Investment Performance of Our Funds.”

**Holding Company Structure**

The diagram below depicts our current organizational structure:



Note: The organizational structure chart above depicts a simplified version of the Apollo structure. It does not include all legal entities in the structure. Ownership percentages are as of the date of the filing of this Annual Report on Form 10-K.

(1) The Strategic Investors hold 24.50% of the Class A shares outstanding and 11.25% of the economic interests in the Apollo Operating Group. The Class A shares held by investors other than the Strategic Investors represent 39.08% of the total voting power of our shares entitled to vote and 34.68% of the economic interests in the Apollo Operating Group. Class A shares held by the Strategic Investors do not have voting rights. However, such Class A shares will become entitled to vote upon transfers by a Strategic Investor in accordance with the agreements entered into in connection with the investments made by the Strategic Investors.

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- (2) Our Managing Partners own BRH Holdings GP, Ltd., which in turn holds our only outstanding Class B share. The Class B share represents 60.92% of the total voting power of our shares entitled to vote but no economic interest in Apollo Global Management, LLC. Our Managing Partners' economic interests are instead represented by their indirect beneficial ownership, through Holdings, of 48.12% of the limited partner interests in the Apollo Operating Group.
- (3) Through BRH Holdings, L.P., our Managing Partners indirectly beneficially own through estate planning vehicles, limited partner interests in Holdings.
- (4) Holdings owns 54.07% of the limited partner interests in each Apollo Operating Group entity ("AOG Units"). The AOG Units held by Holdings are exchangeable for Class A shares. Our Managing Partners, through their interests in BRH and Holdings, beneficially own 48.12% of the AOG Units. Our Contributing Partners, through their ownership interests in Holdings, beneficially own 5.95% of the AOG Units.
- (5) BRH Holdings GP, Ltd. is the sole member of AGM Management, LLC, our manager. The management of Apollo Global Management, LLC is vested in our manager as provided in our operating agreement.
- (6) Represents 45.93% of the limited partner interests in each Apollo Operating Group entity, held through intermediate holding companies. Apollo Global Management, LLC, also indirectly owns 100% of the general partner interests in each Apollo Operating Group entity.

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

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

- We are a holding company that is qualified as a partnership for U.S. federal income tax purposes. Our intermediate holding companies enable us to maintain our partnership status and to meet the qualifying income exception.
- We have historically used multiple management companies to segregate operations for business, financial and other reasons. Going forward, we may increase or decrease the number of our management companies or partnerships within the Apollo Operating Group based on our views regarding the appropriate balance between (a) administrative convenience and (b) continued business, financial, tax and other optimization.

### ***Business Environment***

As a global investment manager, we are affected by numerous factors, including the condition of financial markets and the economy. Price fluctuations within equity, credit, commodity, foreign exchange markets, as well as interest rates, which may be volatile and mixed across geographies, can significantly impact the valuation of our funds' portfolio companies and related income we may recognize.

In terms of equity markets, 2015 was a more challenging year compared to the mixed backdrop in 2014. In the U.S., the S&P 500 Index declined 0.7% during 2015 following an increase of 11.4% in 2014. Outside the U.S., global equity markets fell for the second consecutive year as measured by the MSCI All Country World ex USA Index, which declined 2.6% during 2015 after falling 3.9% in 2014.

Conditions in the credit markets also have a significant impact on our business, and in 2015, many indices reversed course from the gains seen in 2014. The BofAML HY Master II Index declined 4.6% in 2015 following an increase of 2.5% in 2014. In addition, the S&P/LSTA Leveraged Loan Index fell 0.7% in 2015 following an increase of 1.6% in 2014. Benchmark interest rates finished the year slightly up following the first increase in the federal funds rate by the Federal Reserve in nearly a decade. As a result, the U.S. 10-year Treasury yield rallied 23 basis points in the fourth quarter to finish the year up 10 basis points at 2.27%.

Foreign exchange rates can materially impact the valuations of our funds' investments that are denominated in currencies other than the U.S. dollar. For example, relative to the U.S. dollar, the Euro depreciated 10.2% in 2015 after depreciating 12.0% in 2014, while the British pound depreciated 5.4% in 2015 after depreciating 5.9% in 2014. Commodities generally saw price declines in 2015 after a particularly weak fourth quarter that was driven by depreciation in oil. The price of crude oil declined 17.9% during the fourth quarter and 30.5% for the full year primarily due to oversupply dynamics.

In terms of economic conditions in the U.S., the Bureau of Economic Analysis reported real GDP increased at an annual rate of 2.4%, the same level growth observed in 2014. As of January 2016, The International Monetary Fund estimated that the U.S. economy will expand by 2.6% in 2016. Additionally, the U.S. unemployment rate continued to decline and stood at 5.0% as of December 31, 2015, compared to 5.1% as of September 30, 2015, marking the lowest level since April 2008.

Despite a more challenging equity and credit market backdrop in 2015 versus 2014, Apollo continued to generate realizations for fund investors. Apollo returned \$1.9 billion and \$8.5 billion of capital and realized gains to the investors in the funds it manages during the fourth quarter of 2015 and full year ended December 31, 2015, respectively. In general, institutional investors continue to allocate capital towards alternative investment managers for more attractive risk-adjusted returns in a low interest rate environment, and we believe the business environment remains generally accommodative to launch new products and pursue attractive strategic growth opportunities. As such, Apollo had \$12.3 billion and \$23.7 billion of capital inflows during the fourth quarter of 2015 and full year ended December 31, 2015, respectively.

Regardless of the market or economic environment at any given time, Apollo relies on its contrarian, value-oriented approach to consistently invest capital on behalf of its fund investors by focusing on opportunities that management believes are often overlooked by other investors. Apollo had \$4.1 billion and \$13.1 billion of dollars invested during the fourth quarter of 2015 and full year ended December 31, 2015, respectively. We believe Apollo's expertise in credit and its focus on nine core industry sectors, combined with 25 years of investment experience, has allowed Apollo to respond quickly to changing environments. Apollo's core industry sectors include chemicals, natural resources, consumer and retail, distribution and transportation, financial and business services, manufacturing and industrial, media and cable and leisure, packaging and materials and the satellite and wireless industries. Apollo believes that these attributes have contributed to the success of its private equity funds investing in buyouts and credit opportunities during both expansionary and recessionary economic periods.

## **Managing Business Performance**

We believe that the presentation of Economic Income (Loss) (previously referred to as Economic Net Income), or "EI", supplements a reader's understanding of the economic operating performance of each of our segments.

### ***Economic Income (Loss)***

EI has certain limitations in that it does not take into account certain items included under U.S. GAAP. EI represents segment income (loss) before income tax provision excluding transaction-related charges arising from the 2007 private placement, and any acquisitions. Transaction-related charges include equity-based compensation charges, the amortization of intangible assets, contingent consideration and certain other charges associated with acquisitions. In addition, segment data excludes non-cash revenue and expense related to equity awards granted by unconsolidated affiliates to employees of the Company, as well as the assets, liabilities and operating results of the funds and VIEs that are included in the consolidated financial statements. We believe the exclusion of the non-cash charges related to the 2007 Reorganization for equity-based compensation provides investors with a meaningful indication of our performance because these charges relate to the equity portion of our capital structure and not our core operating performance. Economic Net Income (Loss) (previously referred to as ENI After Taxes), or "ENI", represents EI adjusted to reflect income tax provision on EI that has been calculated assuming that all income is allocated to Apollo Global Management, LLC, which would occur following an exchange of all AOG Units for Class A shares of Apollo Global Management, LLC. The economic assumptions and methodologies that impact the implied income tax provision are similar to those methodologies and certain assumptions used in calculating the income tax provision for Apollo's consolidated statements of operations under U.S. GAAP.

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

We believe that EI is helpful for 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 "—Overview of Results of Operations" that have been prepared in accordance with U.S. GAAP. See note 18 to the consolidated financial statements for more details regarding management's consideration of EI.

EI 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 EI as a measure of operating performance, not as a measure of liquidity. EI should not be considered in isolation or as a substitute for operating income, net income, operating cash flows, investing and

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financing activities, or other income or cash flow statement data prepared in accordance with U.S. GAAP. The use of EI without consideration of related U.S. GAAP measures is not adequate due to the adjustments described above. Management compensates for these limitations by using EI as a supplemental measure to U.S. GAAP results, to provide a more complete understanding of our performance as management measures it. A reconciliation of EI to its most directly comparable U.S. GAAP measure of income (loss) before income tax provision can be found in the notes to our financial statements.

During the first quarter of 2015, the Company redefined EI to exclude transaction-related charges related to contingent consideration associated with acquisitions, resulting in the following impact to our credit segment for the years ended December 31, 2014 and 2013:

	Impact of Revised Definition on Economic Income (Loss) <sup>(1)</sup>		
	Total EI as Previously Reported	Impact of Revised Definition	Total EI After Revised Definition
For the Year Ended December 31, 2014	\$ 755,546	\$ (495)	\$ 755,051
For the Year Ended December 31, 2013	2,127,651	61,449	2,189,100

(1) See note 18 to our consolidated financial statements for further detail regarding the impact of the revised definition on Economic Income (Loss).

Additionally, interest expense, net of interest income (“net interest expense”) was reallocated from the management business to the incentive business to align with the earnings from our investments which are principally funded by our outstanding debt. This reallocation resulted in an increase in management business EI and a corresponding decrease in incentive business EI for the years ended December 31, 2014 and 2013 in the amounts listed below:

	Net Interest Expense Reclassification			
	Private Equity Segment	Credit Segment	Real Estate Segment	Total Combined Segments
For the Year Ended December 31, 2014	\$ 7,883	\$ 9,275	\$ 1,941	\$ 19,099
For the Year Ended December 31, 2013	10,702	9,685	2,804	23,191

As it relates to the reclassification of net interest expense described above, the impact to the combined segments total Economic Income (Loss) for all periods presented was zero.

These changes have been made to prior period financial data to conform to the current period presentation.

#### ***Distributable Earnings***

Distributable Earnings (“DE”), as well as DE After Taxes and Related Payables are derived from our segment reported results, and are supplemental non-U.S. GAAP measures to assess performance and amounts available for distribution to Class A shareholders, holders of RSUs that participate in distributions and holders of AOG Units. DE represents the amount of net realized earnings without the effects of the consolidation of any of the affiliated funds. DE, which is a component of EI, is the sum across all segments of (i) total management fees and advisory and transaction fees, excluding monitoring fees received from Athene based on its capital and surplus (as defined in Apollo’s transaction advisory services agreement with Athene), (ii) other income (loss), excluding the gains (losses) arising from the reversal of a portion of the tax receivable agreement liability (iii) realized carried interest income, and (iv) realized investment income, less (x) compensation expense, excluding the expense related to equity-based awards, (y) realized profit sharing expense, and (z) non-compensation expenses, excluding depreciation and amortization expense. DE After Taxes and Related Payables represents DE less estimated current corporate, local and non-U.S. taxes as well as the payable under Apollo’s tax receivable agreement.

#### ***Fee-Related EBITDA***

Fee-related EBITDA is a non-U.S. GAAP measure derived from our segment reported results and is used to assess the performance of our operations as well as our ability to service current and future borrowings. Fee-related EBITDA represents management business economic income (“EI”) plus amounts for equity-based compensation and depreciation and amortization. “Fee-related EBITDA +100% of net realized carried interest” represents fee-related EBITDA plus realized carried interest less realized profit sharing, combining operating results of the management business and incentive business.

**Operating Metrics**

We monitor certain operating metrics that are common to the alternative investment management industry. These operating metrics include Assets Under Management, capital deployed and uncalled commitments.

***Assets Under Management***

Prior period AUM amounts previously not reported within Apollo's three reporting segments have been recast based on expected deployment across each respective segment.

The table below presents Fee-Generating and Non-Fee-Generating AUM by segment as of December 31, 2015 and 2014:

	As of December 31,							
	2015				2014			
	Private Equity	Credit	Real Estate	Total	Private Equity	Credit	Real Estate	Total
	(in millions)							
Fee-Generating	\$ 29,258	\$ 101,522	\$ 7,317	\$ 138,097	\$ 30,285	\$ 92,192	\$ 6,237	\$ 128,714
Non-Fee-Generating	8,244	19,839	3,943	32,026	11,014	16,767	3,301	31,082
Total Assets Under Management	\$ 37,502	\$ 121,361	\$ 11,260	\$ 170,123	\$ 41,299	\$ 108,959	\$ 9,538	\$ 159,796

The table below presents AUM with Future Management Fee Potential, which is a component of Non-Fee-Generating AUM, for each of Apollo's three segments as of December 31, 2015 and 2014.

	As of December 31,	
	2015	2014
	(in millions)	
Private Equity	\$ 2,093	\$ 2,265
Credit	5,763	5,118
Real Estate	986	729
Total AUM with Future Management Fee Potential	\$ 8,842	\$ 8,112

The following table presents the components of Carry-Eligible AUM for each of Apollo's three segments as of December 31, 2015 and 2014:

	As of December 31,							
	2015				2014			
	Private Equity	Credit	Real Estate	Total	Private Equity	Credit	Real Estate	Total
	(in millions)							
Carry-Generating AUM	\$ 9,461	\$ 16,923	\$ 516	\$ 26,900	\$ 14,463	\$ 16,218	\$ 828	\$ 31,509
AUM Not Currently Generating Carry	6,793	21,583	865	29,241	2,500	14,243	965	17,708
Uninvested Carry-Eligible AUM	16,528	8,701	1,059	26,288	19,413	8,552	821	28,786
Total Carry-Eligible AUM	\$ 32,782	\$ 47,207	\$ 2,440	\$ 82,429	\$ 36,376	\$ 39,013	\$ 2,614	\$ 78,003

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The following table presents AUM Not Currently Generating Carry for funds that have commenced investing capital for more than 24 months as of December 31, 2015 and the corresponding appreciation required to reach the preferred return or high watermark in order to generate carried interest:

Category / Fund	Invested AUM Not Currently Generating Carry	Investment Period Active > 24 Months	Appreciation Required to Achieve Carry <sup>(1)</sup>
	(in millions)		
<b>Private Equity:</b>			
Fund VIII	\$ 5,001	\$ 5,001	10%
Other PE	1,792	1,275	21%
<b>Total Private Equity</b>	<b>6,793</b>	<b>6,276</b>	<b>12%</b>
<b>Credit:</b>			
Drawdown	5,181	4,070	25%
		1,257	< 250bps
Liquid/Performing	16,402	6,488	250-500bps
		1,175	> 500bps
Permanent capital vehicles ex Athene Non-Sub-Advised	—	—	NM
<b>Total Credit</b>	<b>21,583</b>	<b>12,990</b>	<b>11%</b>
<b>Real Estate:</b>			
Total Real Estate	865	734	> 500bps
<b>Total</b>	<b>\$ 29,241</b>	<b>\$ 20,000</b>	

(1) All investors in a given fund are considered in aggregate when calculating the appreciation required to achieve carry presented above. Appreciation required to achieve carry may vary by individual investor.

The components of Fee-Generating AUM by segment as of December 31, 2015 and 2014 are presented below:

	As of December 31, 2015			
	Private Equity	Credit	Real Estate	Total
	(in millions)			
Fee-Generating AUM based on capital commitments	\$ 20,315	\$ 5,787	\$ 376	\$ 26,478
Fee-Generating AUM based on invested capital	8,094	3,860	4,180	16,134
Fee-Generating AUM based on gross/adjusted assets	506	83,728	2,671	86,905
Fee-Generating AUM based on NAV	343	8,147	90	8,580
<b>Total Fee-Generating AUM</b>	<b>\$ 29,258<sup>(1)</sup></b>	<b>\$ 101,522</b>	<b>\$ 7,317</b>	<b>\$ 138,097</b>

(1) The weighted average remaining life of the private equity funds excluding permanent capital vehicles at December 31, 2015 was 73 months.

	As of December 31, 2014			
	Private Equity	Credit	Real Estate	Total
	(in millions)			
Fee-Generating AUM based on capital commitments	\$ 20,080	\$ 6,191	\$ 173	\$ 26,444
Fee-Generating AUM based on invested capital	9,368	3,100	3,968	16,436
Fee-Generating AUM based on gross/adjusted assets	837	75,585	1,961	78,383
Fee-Generating AUM based on NAV	—	7,316	135	7,451
<b>Total Fee-Generating AUM</b>	<b>\$ 30,285<sup>(1)</sup></b>	<b>\$ 92,192</b>	<b>\$ 6,237</b>	<b>\$ 128,714</b>

(1) The weighted average remaining life of the private equity funds excluding permanent capital vehicles at December 31, 2014 was 72 months.

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The following table presents total AUM and Fee-Generating AUM amounts for our private equity segment:

	<b>Total AUM</b>		<b>Fee-Generating AUM</b>	
	<b>As of December 31,</b>		<b>As of December 31,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	(in millions)			
Traditional Private Equity Funds <sup>(1)</sup>	\$ 30,665	\$ 35,310	\$ 24,826	\$ 27,181
Natural Resources	2,909	1,348	2,436	1,295
Other <sup>(2)</sup>	3,928	4,641	1,996	1,809
<b>Total</b>	<b>\$ 37,502</b>	<b>\$ 41,299</b>	<b>\$ 29,258</b>	<b>\$ 30,285</b>

(1) Refers to Apollo Investment Fund I, L.P. ("Fund I"), AIF II, L.P. ("Fund II"), MIA, Apollo Investment Fund III, L.P. (together with its parallel funds, "Fund III"), Fund IV, Fund V, Fund VI, Fund VII and Fund VIII.

(2) Includes co-investments contributed to Athene by AAA through its investment in AAA Investments as discussed in note 15 of the consolidated financial statements.

The following table presents total AUM and Fee-Generating AUM amounts for our credit segment by category type:

	<b>Total AUM</b>		<b>Fee-Generating AUM</b>	
	<b>As of December 31,</b>		<b>As of December 31,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	(in millions)			
Liquid/Performing	\$ 37,242	\$ 33,396	\$ 30,603	\$ 28,803
Drawdown	19,112	18,480	11,130	10,504
Permanent capital vehicles ex Athene Non-Sub-Advised <sup>(1)</sup>	15,058	9,371	9,840	5,172
Athene Non-Sub-Advised <sup>(1)</sup>	49,949	47,713	49,949	47,713
<b>Total</b>	<b>\$ 121,361</b>	<b>\$ 108,960</b>	<b>\$ 101,522</b>	<b>\$ 92,192</b>

(1) Athene Non-Sub-Advised includes AUM of \$44.9 billion and \$5.1 billion of Athene Asset Management and Athene Germany (for which a different Apollo subsidiary provides investment advisory services), respectively, AUM, which a different Apollo subsidiary provides investment advisory services for, but excludes \$14.6 billion of assets that were either sub-advised by Apollo or invested in funds and investment vehicles managed by Apollo.

The following table presents total AUM and Fee-Generating AUM amounts for our real estate segment:

	<b>Total AUM</b>		<b>Fee-Generating AUM</b>	
	<b>As of December 31,</b>		<b>As of December 31,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	(in millions)			
Debt	\$ 7,737	\$ 6,420	\$ 5,477	\$ 4,785
Equity	3,523	3,118	1,840	1,452
<b>Total</b>	<b>\$ 11,260</b>	<b>\$ 9,538</b>	<b>\$ 7,317</b>	<b>\$ 6,237</b>



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During the first quarter of 2015, the Company changed the presentation of the components of total AUM and Fee-Generating AUM to inflows, outflows, net flows, realizations and market activity as noted below. As such, prior periods were reclassified to conform with the current period presentation. The following tables summarize changes in total AUM for each of Apollo's three segments for the years ended December 31, 2015 and 2014:

	For the Years Ended December 31,							
	2015				2014			
	Private Equity	Credit	Real Estate	Total	Private Equity	Credit	Real Estate	Total
	(in millions)							
Change in Total AUM <sup>(1)</sup> :								
Beginning of Period	\$ 41,299	\$ 108,960	\$ 9,538	\$ 159,797	\$ 50,158	\$ 101,580	\$ 9,439	\$ 161,177
Inflows	2,299	18,201	3,188	23,688	4,078	11,676	2,067	17,821
Outflows <sup>(2)</sup>	(812)	(3,769)	(71)	(4,652)	(2,126)	(2,507)	(659)	(5,292)
Net Flows	1,487	14,432	3,117	19,036	1,952	9,169	1,408	12,529
Realizations	(4,711)	(2,182)	(1,656)	(8,549)	(11,372)	(3,457)	(1,553)	(16,382)
Market Activity <sup>(3)(4)</sup>	(573)	151	261	(161)	561	1,668	244	2,473
End of Period	\$ 37,502	\$ 121,361	\$ 11,260	\$ 170,123	\$ 41,299	\$ 108,960	\$ 9,538	\$ 159,797

- (1) At the individual segment level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases and acquisitions. Outflows represent redemptions and other decreases in available capital. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.
- (2) Outflows for Total AUM include redemptions of \$626.8 million and \$718.6 million during the years ended December 31, 2015 and 2014, respectively.
- (3) Includes foreign exchange impacts of \$(162.4) million, \$(403.7) million and \$(136.1) million for private equity, credit and real estate, respectively, during the year ended December 31, 2015.
- (4) Includes foreign exchange impacts of \$(146.6) million, \$(648.1) million and \$(206.7) million for private equity, credit and real estate, respectively, during the year ended December 31, 2014.

**Assets Under Management**

Total AUM was \$170.1 billion at December 31, 2015, an increase of \$10.3 billion, or 6.5%, compared to \$159.8 billion at December 31, 2014. The net increase was primarily due to:

Net inflows of \$19.0 billion primarily related to:

- a \$14.4 billion increase related to funds we manage in the credit segment primarily consisting of subscriptions of \$6.0 billion, acquisitions of \$7.4 billion primarily attributable to the acquisition of Delta Lloyd Deutschland by Athene Holding of \$5.1 billion, and a net change in leverage of \$2.0 billion;
- a \$1.5 billion increase related to funds we manage in the private equity segment consisting of subscriptions of \$1.9 billion, driven by subscriptions attributable to ANRP II of \$1.5 billion, offset by net segment transfers of \$0.2 billion and a change in leverage of \$0.3 billion; and
- a \$3.1 billion increase related to funds we manage in the real estate segment primarily consisting of subscriptions of \$1.2 billion, net segment transfers of \$1.0 billion and a change in leverage of \$0.4 billion.

Offsetting these increases were:

Realizations of \$8.5 billion primarily related to:

- \$4.7 billion related to funds we manage in the private equity segment primarily consisting of distributions of \$4.1 billion attributable to certain traditional private equity funds;
- \$2.2 billion related to funds we manage in the credit segment primarily consisting of distributions of \$1.1 billion and \$0.8 billion in liquid/performing and drawdown funds, respectively; and
- \$1.7 billion related to funds we manage in the real estate segment primarily consisting of distributions of \$0.9 billion from our real estate debt funds and \$0.3 billion related to the CPI funds.

Market activity of \$0.2 billion related to:

- \$0.6 billion of depreciation in the funds we manage in the private equity segment;
- \$0.3 billion of appreciation in the funds we manage in the real estate segment; and
- \$0.2 billion of appreciation in the funds we manage in the credit segment

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Total AUM was \$159.8 billion at December 31, 2014, a decrease of \$1.4 billion or 0.9%, compared to \$161.2 billion at December 31, 2013. The net decrease was due to:

Realizations of \$16.4 billion primarily related to:

- \$11.4 billion related to funds we manage in the private equity segment primarily consisting of distributions of \$10.1 billion attributable to certain traditional private equity funds;
- \$3.5 billion related to funds we manage in the credit segment consisting of distributions of \$1.7 billion attributable to certain drawdown funds; and
- \$1.6 billion related to funds we manage in the real estate segment consisting of distributions of \$0.7 billion from our real estate debt funds and \$0.4 billion related to the CPI funds.

Offsetting these decreases were:

Net inflows of \$12.5 billion primarily related to:

- a \$9.2 billion increase related to funds we manage in the credit segment primarily consisting of subscriptions of \$6.1 billion and a net change in leverage of \$3.5 billion;
- a \$2.0 billion increase related to funds we manage in the private equity segment consisting of subscriptions of \$3.0 billion, offset by net segment transfers of \$1.2 billion; and
- a \$1.4 billion increase related to funds we manage in the real estate segment primarily consisting of net segment transfers of \$1.1 billion and subscriptions of \$0.7 billion, offset by a net change in leverage of \$0.2 billion.

Market activity of \$2.5 billion related to:

- \$1.7 billion of appreciation in the funds we manage in the credit segment;
- \$0.6 billion of appreciation in the funds we manage in the private equity segment; and
- \$0.2 billion of appreciation in the funds we manage in the real estate segment.

The following tables summarize changes in Fee-Generating AUM for each of Apollo's three segments for the years ended December 31, 2015 and 2014:

	For the Years Ended December 31,							
	2015				2014			
	Private Equity	Credit	Real Estate	Total	Private Equity	Credit	Real Estate	Total
	(in millions)							
<b>Change in Fee-Generating AUM<sup>(1)</sup>:</b>								
Beginning of Period	\$ 30,285	\$ 92,192	\$ 6,237	\$ 128,714	\$ 34,173	\$ 88,249	\$ 5,946	\$ 128,368
Inflows	2,610	14,702	2,639	19,951	498	7,967	1,816	10,281
Outflows <sup>(2)</sup>	(794)	(4,328)	(249)	(5,371)	(1,928)	(2,143)	(30)	(4,101)
Net Flows	1,816	10,374	2,390	14,580	(1,430)	5,824	1,786	6,180
Realizations <sup>(3)</sup>	(2,839)	(1,664)	(1,328)	(5,831)	(2,457)	(2,258)	(1,470)	(6,185)
Market Activity <sup>(4)</sup>	(4)	620	18	634	(1)	377	(25)	351
End of Period	\$ 29,258	\$ 101,522	\$ 7,317	\$ 138,097	\$ 30,285	\$ 92,192	\$ 6,237	\$ 128,714

(1) At the individual segment level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases and acquisitions. Outflows represent redemptions and other decreases in available capital. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

(2) Outflows for Fee-Generating AUM include redemptions of \$594.6 million and \$474.6 million during the years ended December 31, 2015 and 2014, respectively.

(3) Includes foreign exchange impacts of \$(324.2) million and \$(71.6) million for credit and real estate, respectively, during the year ended December 31, 2015.

(4) Includes foreign exchange impacts of \$(404.6) million and \$(115.0) million for credit and real estate, respectively, during the year ended December 31, 2014.

Total Fee-Generating AUM was \$138.1 billion at December 31, 2015, an increase of \$9.4 billion or 7.3%, compared to \$128.7 billion at December 31, 2014. The net increase was primarily due to:

Net inflows of \$14.6 billion primarily related to:

- a \$10.4 billion increase related to funds we manage in the credit segment primarily consisting of fee-generating capital deployment of \$5.1 billion, an increase of \$5.1 billion attributable to the acquisition of Delta Lloyd Deutschland by Athene

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- Holding and subscriptions of \$1.7 billion. This was partially offset by \$0.6 billion of redemptions and \$1.1 billion of net segment transfers;
- a \$1.8 billion increase related to funds we manage in the private equity segment consisting of \$1.4 billion of subscriptions attributable to ANRP II and \$0.5 billion of fee-generating capital deployment. Offsetting these increases was a change in leverage of \$0.1 billion; and
- a \$2.4 billion increase related to funds we manage in the real estate segment consisting of \$1.1 billion of fee-generating capital commitments from the Athene Accounts, \$0.6 billion of acquisitions and \$0.3 billion of subscriptions.

Market activity of \$0.6 billion primarily related to appreciation in the funds we manage in the credit segment.

Offsetting these increases were:

Realizations of \$5.8 billion primarily related to:

- \$2.8 billion related to funds we manage in the private equity segment primarily driven by distributions of \$2.6 billion from certain traditional private equity funds;
- \$1.7 billion related to funds we manage in the credit segment primarily driven by certain of our liquid/performing funds, including returns to CLO investors, and distributions of \$0.3 billion from permanent capital vehicles; and
- \$1.3 billion related to funds we manage in the real estate segment primarily driven by distributions in the CPI funds and Athene Accounts of \$0.3 billion and \$0.4 billion, respectively.

Total Fee-Generating AUM was \$128.7 billion at December 31, 2014, an increase of \$0.3 billion or 0.3%, compared to \$128.4 billion at December 31, 2013. The net increase was due to:

Net inflows of \$6.2 billion primarily related to:

- a \$5.8 billion increase related to funds we manage in the credit segment primarily consisting of an increase of \$2.8 billion resulting from a change in net leverage, subscriptions of \$2.3 billion and fee-generating capital deployment of \$1.1 billion. This was partially offset by redemptions of \$0.5 billion;
- a \$1.8 billion increase related to funds we manage in the real estate segment consisting of \$1.1 billion of fee-generating capital commitments from the Athene Accounts and \$0.6 billion of subscriptions; and
- a \$1.4 billion decrease related to funds we manage in the private equity segment consisting of net segment transfers out of \$1.3 billion attributable to traditional private equity funds.

Market activity of \$0.4 billion primarily related to appreciation in the funds we manage in the credit segment.

Offsetting these increases were:

Realizations of \$6.2 billion primarily related to:

- \$2.5 billion related to funds we manage in the private equity segment primarily driven by distributions of \$2.1 billion from certain traditional private equity funds;
- \$2.3 billion related to funds we manage in the credit segment primarily driven by certain of our liquid/performing funds and distributions of \$0.3 billion from permanent capital vehicles; and
- \$1.5 billion decrease related to funds we manage in the real estate segment primarily driven by distributions in the CPI funds and Athene Accounts of \$0.6 billion and \$0.4 billion, respectively.

### ***Capital Deployed and Uncalled Commitments***

Capital deployed is the aggregate amount of capital that has been invested during a given period by our drawdown funds, SIAs that have a defined maturity date and funds and SIAs in our real estate debt strategy. Uncalled commitments, by contrast, represents unfunded capital commitments that certain of Apollo's funds and SIAs have received from fund investors to fund future or current fund investments and expenses.

Capital deployed and uncalled commitments are indicative of the pace and magnitude of fund capital that is deployed or will be deployed, and which therefore could result in future revenues that include management fees, transaction fees and incentive income to the extent fee-generating. Capital deployed and uncalled commitments can also give rise to future costs that are related to the hiring of additional resources to manage and account for the additional capital that is deployed or will be deployed. Management uses capital deployed and uncalled commitments as key operating metrics since we believe the results measure our fund's investment activities.

[Table of Contents](#)*Capital Deployed*

The following table summarizes by segment the capital deployed for funds and SIAs with a defined maturity date and certain funds and SIAs in Apollo's real estate debt strategy during the specified reporting periods:

	For the Year Ended December 31,		
	2015	2014	2013
	(in millions)		
Private Equity	\$ 5,144	\$ 2,163	\$ 2,561
Credit	5,531	5,174	2,865
Real Estate <sup>(1)</sup>	2,458	2,686	2,534
Total capital deployed	<u>\$ 13,133</u>	<u>\$ 10,023</u>	<u>\$ 7,960</u>

(1) Included in capital deployed is \$2,140 million, \$2,320 million and \$2,177 million for the years ended December 31, 2015, 2014 and 2013, respectively, related to funds in Apollo's real estate debt strategy.

*Uncalled Commitments*

The following table summarizes the uncalled commitments by segment during the specified reporting periods:

	As of December 31,	
	2015	2014
	(in millions)	
Private Equity	\$ 19,487	\$ 22,633
Credit	8,557	9,212
Real Estate	984	997
Total Uncalled Commitments <sup>(1)</sup>	<u>\$ 29,028</u>	<u>\$ 32,842</u>

(1) As of December 31, 2015 and 2014, \$26.1 billion and \$29.3 billion, respectively, represented the amount of capital available for investment or reinvestment subject to the provisions of the applicable limited partnership agreements or other governing agreements of our funds.

**The Historical Investment Performance of Our Funds**

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

***When considering the data presented below, you should note that the historical results of our funds are not indicative of the future results that you should expect from such funds, from any future funds we may raise or from your investment in our Class A shares.***

An investment in our Class A shares is not an investment in any of the Apollo funds, and the assets and revenues of our funds are not directly available to us. The historical and potential future returns of the funds we manage are not directly linked to returns on our Class A shares. Therefore, you should not conclude that continued positive performance of the funds we manage will necessarily result in positive returns on an investment in our Class A shares. However, poor performance of the funds that we manage would cause a decline in our revenue from such funds, and would therefore have a negative effect on our performance and in all likelihood the value of our Class A shares.

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. There can be no assurance that any Apollo fund will continue to achieve the same results in the future.

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Finally, our private equity IRRs have historically varied greatly from fund to fund. For example, Fund IV generated a 12% gross IRR and a 9% net IRR since its inception through December 31, 2015, while Fund V generated a 61% gross IRR and a 44% net IRR since its inception through December 31, 2015. Accordingly, the IRR going forward for any current or future fund may vary considerably from the historical IRR generated by any particular fund, or for our private equity funds as a whole. Future returns will also be affected by the applicable risks, including risks of the industries and businesses in which a particular fund invests. See “Item 1A. Risk Factors—Risks Related to Our Businesses—The historical returns attributable to our funds should not be considered as indicative of the future results of our funds or of our future results or of any returns expected on an investment in our Class A shares.”

**Investment Record**

The following table summarizes the investment record by segment of Apollo’s significant drawdown funds and SIAs that have a defined maturity date in which investors make a commitment to provide capital at the formation of such funds and deliver capital when called as investment opportunities become available. The funds included in the investment record table below have greater than \$500 million of AUM and/or form part of a flagship series of funds. The SIAs included in the investment record table below have greater than \$200 million of AUM and did not predominantly invest in other Apollo funds or SIAs.

All amounts are as of December 31, 2015, unless otherwise noted:

(\$ in millions)	Vintage Year	Total AUM	Committed Capital	Total Invested Capital <sup>(1)</sup>	Realized Value <sup>(1)</sup>	Remaining Cost <sup>(1)</sup>	Unrealized Value <sup>(1)</sup>	Total Value <sup>(1)</sup>	As of December 31, 2015		
									Gross IRR <sup>(1)</sup>	Net IRR <sup>(1)</sup>	
<b>Private Equity:</b>											
Fund VIII	2013	\$ 18,398	\$ 18,377	\$ 4,858	\$ 151	\$ 4,724	\$ 5,034	\$ 5,185	11 %	(6)%	
Fund VII	2008	7,757	14,677	15,809	28,478	3,923	4,500	32,978	35	27	
Fund VI	2006	4,092	10,136	12,457	17,946	3,560	3,349	21,295	12	10	
Fund V	2001	373	3,742	5,192	12,681	154	114	12,795	61	44	
Fund I, II, III, IV & MIA <sup>(3)</sup>	Various	46	7,320	8,753	17,398	—	31	17,429	39	26	
Traditional Private Equity Funds <sup>(4)</sup>		\$ 30,666	\$ 54,252	\$ 47,069	\$ 76,654	\$ 12,361	\$ 13,028	\$ 89,682	39 %	25 %	
AION	2013	751	826	277	89	227	173	262	14 %	(4)%	
ANRP I	2012	1,193	1,323	917	213	773	738	951	2	(3)	
ANRP III <sup>(5)</sup>	—	1,716	1,731	239	14	226	213	227	NM <sup>(2)</sup>	NM <sup>(2)</sup>	
Total Private Equity <sup>(10)</sup>		\$ 34,326	\$ 58,132	\$ 48,502	\$ 76,970	\$ 13,587	\$ 14,152	\$ 91,122			
<b>Credit:</b>											
<i>Credit Opportunity Funds</i>											
COF III	2014	\$ 3,038	\$ 3,426	\$ 3,211	\$ 711	\$ 2,435	\$ 1,876	\$ 2,587	(17)%	(18)%	
COF I & II	2008	439	3,068	3,787	7,349	150	154	7,503	23	20	
<i>European Principal Finance Funds</i>											
EPF II <sup>(6)</sup>	2012	3,760	3,412	3,268	1,166	2,101	2,848	4,014	19	9	
EPF I <sup>(6)</sup>	2007	512	1,412	1,855	2,820	25	332	3,152	23	17	
<i>Structured Credit Funds</i>											
FCI II	2013	2,201	1,555	1,432	342	1,278	1,439	1,781	23	17	
FCI	2012	985	559	1,089	645	768	799	1,444	16	12	
SCRF III <sup>(13)</sup>	2015	1,043	1,238	1,025	189	692	813	1,002	NM <sup>(2)</sup>	NM <sup>(2)</sup>	
SCRF I & II <sup>(13)</sup>	Various	11	222	706	871	8	11	882	27	21	
Other Drawdown Funds & SIAs <sup>(7)</sup>	Various	4,297	5,920	5,886	6,068	1,652	1,195	7,263	9	7	
Total Credit <sup>(11)</sup>		\$ 16,286	\$ 20,812	\$ 22,259	\$ 20,161	\$ 9,109	\$ 9,467	\$ 29,628			
<b>Real Estate:</b>											
U.S. RE Fund II <sup>(5)</sup>	—	\$ 398	\$ 395	\$ 251	\$ 9	\$ 247	\$ 252	\$ 261	NM <sup>(2)</sup>	NM <sup>(2)</sup>	
U.S. RE Fund I <sup>(8)</sup>	2012	595	640	614	461	325	411	872	18 %	14 %	
AGRE Debt Fund I	2011	915	1,390	1,275	796	686	665	1,461	8	7	
CPI Funds <sup>(9)</sup>	Various	1,183	4,927	2,494	2,483	373	206	2,689	17	13	
Total Real Estate <sup>(12)</sup>		\$ 3,091	\$ 7,352	\$ 4,634	\$ 3,749	\$ 1,631	\$ 1,534	\$ 5,283			

- (1) Refer to the definitions of Total Invested Capital, Realized Value, Remaining Cost, Unrealized Value, Total Value, Gross IRR and Net IRR described elsewhere in this report.  
(2) Returns have not been presented as the fund commenced investing capital less than 24 months prior to the period indicated and therefore such return information was deemed not meaningful.

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- (3) The general partners and managers of Funds I, II and MIA, as well as the general partner of Fund III, were excluded assets in connection with the 2007 Reorganization. As a result, Apollo did not receive the economics associated with these entities. The investment performance of these funds, combined with Fund IV, is presented to illustrate fund performance associated with Apollo's Managing Partners and other investment professionals.
- (4) Total IRR is calculated based on total cash flows for all funds presented.
- (5) ANRP II and U.S. RE Fund II were launched prior to December 31, 2015 and have not established their vintage year.
- (6) Funds are denominated in Euros and historical figures are translated into U.S. dollars at an exchange rate of €1.00 to \$1.09 as of December 31, 2015.
- (7) Amounts presented have been aggregated for (i) drawdown funds with AUM greater than \$500 million that do not form part of a flagship series of funds and (ii) SIAs with AUM greater than \$200 million that do not predominantly invest in other Apollo funds or SIAs. Certain SIAs' historical figures are denominated in Euros and translated into U.S. dollars at an exchange rate of €1.00 to \$1.09 as of December 31, 2015. Additionally, certain SIAs totaling \$1.4 billion of AUM have been excluded from Total Invested Capital, Realized Value, Remaining Cost, Unrealized Value and Total Value. These SIAs have an open ended life and a significant turnover in their portfolio assets due to the ability to recycle capital. These SIAs had \$8.3 billion of Total Invested Capital through December 31, 2015.
- (8) U.S. RE Fund I, a closed-end private investment fund, has \$150 million of co-investment commitments raised, which are included in the figures in the table. A co-invest entity within U.S. RE Fund I is denominated in GBP and translated into U.S. dollars at an exchange rate of £1.00 to \$1.47 as of December 31, 2015.
- (9) As part of the acquisition of Citi Property Investors ("CPI"), Apollo acquired general partner interests in fully invested funds. CPI Funds refers to CPI Capital Partners North America, CPI Capital Partners Asia Pacific, CPI Capital Partners Europe and other CPI funds or individual investments of which Apollo is not the general partner or manager and only receives fees pursuant to either a sub-advisory agreement or an investment management and administrative agreement. For CPI Capital Partners North America, CPI Capital Partners Asia Pacific and CPI Capital Partners Europe, the gross and net IRRs are presented in the investment record table since acquisition on November 12, 2010. The aggregate net IRR for these funds from their inception to December 31, 2015 was (1)%. This net IRR was primarily achieved during a period in which Apollo did not make the initial investment decisions and Apollo only became the general partner or manager of these funds upon completing the acquisition on November 12, 2010.
- (10) Certain private equity co-investment vehicles and funds with AUM less than \$500 million have been excluded. These co-investment vehicles and funds had \$3.2 billion of aggregate AUM as of December 31, 2015.
- (11) Certain credit funds and SIAs with AUM less than \$500 million and \$200 million, respectively, have been excluded. These funds and SIAs had \$2.8 billion of aggregate AUM as of December 31, 2015.
- (12) Certain accounts owned by or related to Athene, certain co-investment vehicles and certain funds with AUM less than \$500 million have been excluded. These accounts, co-investment vehicles and funds had \$5.3 billion of aggregate AUM as of December 31, 2015.
- (13) Remaining cost for certain of our credit funds may include physical cash called, invested or reserved for certain levered investments.

### *Private Equity*

The following table summarizes the investment record for distressed investments made in our traditional private equity fund portfolios, since the Company's inception. All amounts are as of December 31, 2015:

	<b>Total Invested Capital</b>	<b>Total Value</b>	<b>Gross IRR</b>
	(in millions)		
Distressed for Control	\$ 6,778	\$ 17,999	29%
Non-Control Distressed	6,171	8,445	71
Total	12,949	26,444	49
Corporate Carve-outs, Opportunistic Buyouts and Other Credit <sup>(1)</sup>	34,120	63,238	22
Total	\$ 47,069	\$ 89,682	39%

- (1) Other Credit is defined as investments in debt securities of issuers other than portfolio companies that are not considered to be distressed.

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The following tables provide additional detail on the composition of the Fund VIII, Fund VII, Fund VI and Fund V private equity portfolios based on investment strategy. Amounts for Fund I, II, III and IV are included in the table above but not presented below as their remaining value is less than \$100 million or the fund has been liquidated. All amounts are as of December 31, 2015:

**Fund VIII<sup>(1)</sup>**

	<b>Total Invested Capital</b>	<b>Total Value</b>
	(in millions)	
Corporate Carve-outs	\$ 2,189	\$ 2,118
Opportunistic Buyouts	2,339	2,789
Distressed	330	278
<b>Total</b>	<b>\$ 4,858</b>	<b>\$ 5,185</b>

**Fund VII<sup>(1)</sup>**

	<b>Total Invested Capital</b>	<b>Total Value</b>
	(in millions)	
Corporate Carve-outs	\$ 2,298	\$ 5,466
Opportunistic Buyouts	4,095	9,366
Distressed/Other Credit <sup>(2)</sup>	9,416	18,146
<b>Total</b>	<b>\$ 15,809</b>	<b>\$ 32,978</b>

**Fund VI**

	<b>Total Invested Capital</b>	<b>Total Value</b>
	(in millions)	
Corporate Carve-outs	\$ 3,216	\$ 3,943
Opportunistic Buyouts	6,555	12,412
Distressed/Other Credit <sup>(2)</sup>	2,686	4,940
<b>Total</b>	<b>\$ 12,457</b>	<b>\$ 21,295</b>

**Fund V**

	<b>Total Invested Capital</b>	<b>Total Value</b>
	(in millions)	
Corporate Carve-outs	\$ 1,605	\$ 4,966
Opportunistic Buyouts	2,165	5,332
Distressed	1,422	2,497
<b>Total</b>	<b>\$ 5,192</b>	<b>\$ 12,795</b>

(1) Committed capital less unfunded capital commitments for Fund VIII and Fund VII was \$5.4 billion and \$13.7 billion, respectively, which represents capital commitments from limited partners to invest in such funds less capital that is available for investment or reinvestment subject to the provisions of the applicable limited partnership agreement or other governing agreements.

(2) The Distressed investment strategy includes include distressed for control, non-control distressed and other credit.

During the recovery and expansionary periods of 1994 through 2000 and late 2003 through the first half of 2007, our private equity funds invested or committed to invest approximately \$13.7 billion primarily in traditional and corporate partner buyouts. During the recessionary periods of 1990 through 1993, 2001 through late 2003 and the recessionary and post recessionary periods (beginning the second half of 2007 through December 31, 2015), our private equity funds have invested \$36.3 billion, of which \$18.2 billion was in distressed buyouts and debt investments when the debt securities of quality companies traded at deep



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discounts to par value. Our average entry multiple for Fund VIII, VII, VI and V was 6.1x, 6.1x, 7.7x and 6.6x, respectively, as of the date of the filing of this Annual Report on Form 10-K. Our average entry multiple for a private equity fund is the average of the total enterprise value over an applicable adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) which may incorporate certain adjustments based on investment team’s estimate and we believe captures the true economics of our funds’ investments in portfolio companies.

*Credit*

The following table presents the AUM and gross and net returns information for Apollo’s credit segment by category type, excluding assets managed by Athene Asset Management that are not directly invested in Apollo funds and investment vehicles or sub-advised by Apollo:

Category	As of December 31, 2015				Gross Returns	Net Returns
	AUM	Fee-Generating AUM	Carry-Eligible AUM	Carry-Generating AUM	For the Year Ended December 31, 2015 <sup>(1)</sup>	For the Year Ended December 31, 2015 <sup>(1)</sup>
	(in millions)					
Liquid/Performing	\$ 37,242	\$ 30,603	\$ 21,820	\$ 3,751	1.7%	1.3%
Drawdown <sup>(2)</sup>	19,112	11,130	16,681	5,171	(1.3)	(2.8)
Permanent capital vehicles ex Athene Non-Sub-Advised <sup>(3)</sup>	15,058	9,840	8,706	8,001	4.1	0.1
Athene Non-Sub-Advised <sup>(3)</sup>	49,949	49,949	—	—	N/A	N/A
<b>Total Credit</b>	<b>\$ 121,361</b>	<b>\$ 101,522</b>	<b>\$ 47,207</b>	<b>\$ 16,923</b>	<b>1.3%</b>	<b>0.3%</b>

- (1) The gross and net returns for the year ended December 31, 2015 for total credit excludes assets managed by AAM that are not directly invested in Apollo funds and investment vehicles or sub-advised by Apollo.
- (2) As of December 31, 2015, significant drawdown funds and strategic investment accounts (“SIAs”) had inception-to-date gross and net IRRs of 16.3% and 12.5%, respectively. Significant drawdown funds and SIAs include funds and SIAs with AUM greater than \$200 million that do not predominantly invest in other Apollo funds or SIAs.
- (3) Athene Non-Sub-Advised includes \$44.9 billion and \$5.1 billion of AUM of Athene Asset Management and Athene Germany (for which a different Apollo subsidiary provides investment advisory services), respectively, but excludes \$14.6 billion of AUM that was either sub-advised by Apollo or invested in funds and investment vehicles managed by Apollo.

*Liquid/Performing*

The following table summarizes the investment record for funds in the liquid/performing category within Apollo’s credit segment. The significant funds included in the investment record table below have greater than \$200 million of AUM and do not predominantly invest in other Apollo funds or SIAs.

	Vintage Year	Total AUM	Net Returns	
			For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
<b>Credit:</b>		(in millions)		
Hedge Funds <sup>(1)</sup>	Various	\$ 7,109	—	3%
CLOs <sup>(2)</sup>	Various	13,437	2%	2
SIAs / Other <sup>(3)</sup>	Various	15,797	1	3
<b>Total</b>		<b>\$ 36,343</b>		

- (1) Hedge funds includes Apollo Credit Strategies Master Fund Ltd., Apollo Credit Master Fund Ltd., Apollo Credit Short Opportunities Fund and Apollo Value Strategic Fund, L.P.
- (2) CLO returns are calculated based on gross return on invested assets, which excludes cash.
- (3) SIAs / Other excludes \$0.9 billion of AUM related to advisory assets under management.

*Permanent Capital*

The following table summarizes the investment record for our permanent capital vehicles, excluding assets managed by AAA, Athene Asset Management and Athene Germany, by segment:

	IPO Year <sup>(2)</sup>	Total AUM	Total Returns <sup>(1)</sup>	
			For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
<b>Credit:</b>		(in millions)		
MidCap <sup>(3)</sup>	N/A	\$ 5,233	NM <sup>(4)</sup>	N/A
AIF	2013	369	(4)%	NM <sup>(4)</sup>
AFT	2011	413	(2)	(1)%
AMTG <sup>(5)</sup>	2011	3,844	(13)	19
AINV <sup>(6)</sup>	2004	5,699	(20)	(4)
<b>Real Estate:</b>				
ARI <sup>(7)</sup>	2009	\$ 2,654	17 %	11 %
Totals		\$ 18,212		

- (1) Total returns are based on the change in closing trading prices during the respective periods presented taking into account dividends and distributions, if any, as if they were reinvested without regard to commission.
- (2) IPO year represents the year in which the vehicle commenced trading on a national securities exchange.
- (3) MidCap is not a publicly traded vehicle and therefore IPO year is not applicable.
- (4) Returns have not been presented as the Permanent Capital Vehicle commenced investing capital less than 24 months prior to the period indicated and therefore such return information was deemed not meaningful.
- (5) All amounts are as of September 30, 2015 except for total returns. Refer to [www.apolloresidentialmortgage.com](http://www.apolloresidentialmortgage.com) for the most recent financial information on AMTG. The information contained on AMTG's website is not part of this report.
- (6) All amounts are as of September 30, 2015 except for total returns. Refer to [www.apolloic.com](http://www.apolloic.com) for the most recent financial information on AINV. The information contained on AINV's website is not part of this report. Includes \$1.4 billion of AUM related to a non-traded business development company sub-advised by Apollo. Total returns exclude performance of the non-traded business development company.
- (7) All amounts are as of September 30, 2015 except for total returns. Refer to [www.apolloreit.com](http://www.apolloreit.com) for the most recent financial information on ARI. The information contained on ARI's website is not part of this report.

*Athene and SIAs*

As of December 31, 2015, Athene Asset Management had \$59.5 billion of total AUM in accounts owned by or related to Athene, of which approximately \$14.6 billion, was either sub-advised by Apollo or invested in Apollo funds and investment vehicles. Of the approximately \$14.6 billion of AUM, the vast majority were in sub-advisory managed accounts that manage high grade credit asset classes, such as CLO debt, commercial mortgage backed securities, and insurance-linked securities. As of December 31, 2015, Athene Germany had \$5.1 billion of total AUM, for which a different Apollo subsidiary provides investment advisory services.

As of December 31, 2015, Apollo managed approximately \$17 billion of total AUM in SIAs, which include certain SIAs in the investment record tables above and capital deployed from certain SIAs across Apollo's private equity, credit, and real estate funds.

**Overview of Results of Operations**

*Revenues*

**Advisory and Transaction Fees from Affiliates, Net.** As a result of providing advisory services with respect to actual and potential private equity, credit, and real estate investments, we are entitled to receive fees for transactions related to the acquisition and, in certain instances, disposition of portfolio companies as well as fees for ongoing monitoring of portfolio company operations and directors' fees. We also receive advisory fees for advisory services provided to certain credit funds. In addition, monitoring fees are generated on certain structured portfolio company investments. Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds may be subject to a reduction based on a certain percentage of such advisory and transaction fees, net of applicable broken deal costs ("Management Fee Offset"). Such amounts are presented

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as a reduction to advisory and transaction fees from affiliates, net, in the consolidated statements of operations. See note 2 to our consolidated financial statements for more detail.

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

- 65%-100% for private equity funds, gross advisory, transaction and other special fees;
- 65%-100% for certain credit funds, gross advisory, transaction and other special fees; and
- 100% for certain real estate funds, gross advisory, transaction and other special fees.

Additionally, during the normal course of business, the Company incurs certain costs related to certain transactions that are not consummated (“broken deal costs”). These costs (e.g., research costs, due diligence costs, professional fees, legal fees and other related items) are determined to be broken deal costs upon management’s decision to no longer pursue the transaction. In accordance with the related fund agreement, in the event the deal is deemed broken, all of the costs are reimbursed by the funds and then included as a component of the calculation of the Management Fee Offset. If a deal is successfully completed, Apollo is reimbursed by the fund or fund’s portfolio company for all costs incurred and no offset is generated.

As the Company acts as an agent for the funds it manages, any transaction costs incurred and paid by the Company on behalf of the respective funds relating to successful or broken deals are presented net on the Company’s consolidated statements of operations, and any receivable from the respective funds is presented in Due from Affiliates on the consolidated statements of financial condition.

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

**Carried Interest Income from Affiliates.** The general partners of our funds, in general, are entitled to an incentive return that can normally amount to as much as 20% of the total returns on fund capital, depending upon performance of the underlying funds and subject to preferred returns and high water marks, as applicable. The carried interest income from affiliates is recognized in accordance with U.S. GAAP guidance applicable to accounting for arrangement fees based on a formula. In applying the U.S. GAAP guidance, the carried interest from affiliates for any period is based upon an assumed liquidation of the funds’ assets at the reporting date, and distribution of the net proceeds in accordance with the funds’ allocation provisions.

As of December 31, 2015, approximately 60% of the value of our funds’ investments on a gross basis was determined using market-based valuation methods (i.e., reliance on broker or listed exchange quotes) and the remaining 40% was determined primarily by comparable company and industry multiples or discounted cash flow models. For our private equity, credit and real estate segments, the percentage determined using market-based valuation methods as of December 31, 2015 was 27%, 74% and 47%, respectively. See “Item 1A. Risk Factors—Risks Related to Our Businesses—Our private equity funds’ performance, and our performance, may be adversely affected by the financial performance of our funds’ portfolio companies and the industries in which our funds invest” for a discussion regarding certain industry-specific risks that could affect the fair value of our private equity funds’ portfolio company investments.

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

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The table below presents an analysis of Apollo's (i) carried interest receivable on an unconsolidated basis and (ii) realized and unrealized carried interest income (loss) for Apollo's combined segments' incentive business as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013:

	As of		For the Year Ended December 31, 2015			For the Year Ended December 31, 2014			For the Year Ended December 31, 2013		
	December 31, 2015	December 31, 2014	Unrealized Carried Interest Income (Loss)	Realized Carried Interest Income (Loss)	Total Carried Interest Income (Loss)	Unrealized Carried Interest Income (Loss)	Realized Carried Interest Income	Total Carried Interest Income (Loss)	Unrealized Carried Interest Income (Loss)	Realized Carried Interest Income	Total Carried Interest Income (Loss)
(in thousands)											
<b>Private Equity Funds:</b>											
Fund VII <sup>(1)</sup>	\$ 68,733	\$ 288,182	\$ (219,449)	\$ 229,679	\$ 10,230	\$ (602,615)	\$ 902,421	\$ 299,806	\$ (13,458)	\$ 1,163,399	\$ 1,149,941
Fund VI <sup>(1)</sup>	52,561	183,422	(130,861)	78,812	(52,049)	(514,122)	401,449	(112,673)	427,281	760,345	1,187,626
Fund V	— <sup>(3)</sup>	3,169 <sup>(3)</sup>	(13,947)	—	(13,947)	(39,880)	44,850	4,970	(91,202)	99,131	7,929
Fund IV	6,196	5,636	560	640	1,200	(2,093)	—	(2,093)	(3,173)	1,736	(1,437)
AAA/Other <sup>(2)</sup>	246,381 <sup>(3)</sup>	191,511 <sup>(3)</sup>	49,536	30,691	80,227	(37,383)	79,356	41,973	135,274	37,913	173,187
<b>Total Private Equity Funds</b>	<b>373,871</b>	<b>671,920</b>	<b>(314,161)</b>	<b>339,822</b>	<b>25,661</b>	<b>(1,196,093)</b>	<b>1,428,076</b>	<b>231,983</b>	<b>454,722</b>	<b>2,062,524</b>	<b>2,517,246</b>
Total Private Equity Funds, net of profit share	254,888	431,305	(184,903)	163,992	(20,911)	(693,146)	746,756	53,610	307,047	1,179,795	1,486,842
<b>Credit Category:</b>											
Drawdown	163,863 <sup>(3)</sup>	182,606 <sup>(3)</sup>	(69,127)	70,970	1,843	(93,140)	216,044	122,904	(71,707)	291,676	219,969
Liquid/Performing	48,933	73,679	(21,808)	27,557	5,749	(63,504)	64,990	1,486	15,139	101,662	116,801
Permanent capital vehicles ex AAM	28,048	10,502	10,401	40,625	51,026	—	—	—	—	—	—
<b>Total Credit Funds</b>	<b>240,844</b>	<b>266,787</b>	<b>(80,534)</b>	<b>139,152</b>	<b>58,618</b>	<b>(156,644)</b>	<b>281,034</b>	<b>124,390</b>	<b>(56,568)</b>	<b>393,338</b>	<b>336,770</b>
Total Credit Funds, net of profit share	75,472	80,501	(70,171)	94,405	24,234	(141,285)	181,887	40,602	(43,032)	298,525	255,493
<b>Real Estate Funds:</b>											
CPI Funds	1,379	1,521	(240)	2,496	2,256	(3,809)	640	(3,169)	(5,207)	542	(4,665)
U.S. RE Fund I	20,728	11,448	7,547	1,981	9,528	5,817	2,663	8,480	5,631	—	5,631
Other	7,085	7,184	(153)	1,380	1,227	2,943	696	3,639	4,256	—	4,256
<b>Total Real Estate Funds</b>	<b>29,192</b>	<b>20,153</b>	<b>7,154</b>	<b>5,857</b>	<b>13,011</b>	<b>4,951</b>	<b>3,999</b>	<b>8,950</b>	<b>4,680</b>	<b>542</b>	<b>5,222</b>
Total Real Estate Funds, net of profit share	17,873	12,203	4,186	3,750	7,936	3,953	2,250	6,203	4,971	128	5,099
<b>Total</b>	<b>\$ 643,907</b>	<b>\$ 958,860</b>	<b>\$ (387,541)</b>	<b>\$ 484,831</b>	<b>\$ 97,290</b>	<b>\$ (1,347,786)</b>	<b>\$ 1,713,109</b>	<b>\$ 365,323</b>	<b>\$ 402,834</b>	<b>\$ 2,456,404</b>	<b>\$ 2,859,238</b>
Total, net of profit share	\$ 348,233 <sup>(4)</sup>	\$ 524,009 <sup>(4)</sup>	\$ (250,888)	\$ 262,147	\$ 11,259	\$ (830,478)	\$ 930,893	\$ 100,415	\$ 268,986	\$ 1,478,448	\$ 1,747,434

- As of December 31, 2015, the remaining investments and escrow cash of Fund VII and Fund VI were valued at 106% and 95% of the fund's unreturned capital, respectively, which were below the required escrow ratio of 115%. As a result, these funds are required to place in escrow current and future carried interest income distributions to the general partner until the specified return ratio of 115% is met (at the time of a future distribution) or upon liquidation. As of December 31, 2015, Fund VI had \$167.6 million of gross carried interest income, or \$110.7 million net of profit sharing, in escrow. Of these amounts, assuming a hypothetical liquidation on December 31, 2015, \$52.6 million of gross carried interest, or \$34.7 million net of profit sharing, would be paid to the general partner. As of December 31, 2015, Fund VII had no carried interest held in escrow. With respect to Fund VI, realized carried interest income currently distributed to the general partner is limited to tax distributions per the fund's partnership agreement. As of December 31, 2014, the remaining investments and escrow cash of Fund VI were valued at 104% of the funds unreturned capital, which was below the required escrow ratio of 115%. As a result, Fund VI was required to place in escrow current and future carried interest income distributions to the general partner until the specified return ratio of 115% is met (at the time of a future distribution) or upon liquidation of Fund VI. As of December 31, 2014, Fund VI had \$165.6 million of gross carried interest income, or \$109.4 million net of profit sharing, in escrow. Of these amounts, assuming a hypothetical liquidation on December 31, 2014, \$183.4 million of gross carried interest, or \$121.1 million net of profit sharing, would be paid to the general partner.
- As of December 31, 2015, AAA includes \$185.5 million of carried interest receivable, or \$122.6 million net of profit sharing, from AAA Investments, and as of December 31, 2014, AAA includes \$121.5 million of carried interest receivable, or \$86.6 million net of profit sharing, from AAA Investments, which will be paid in common shares of Athene Holding (valued at the then fair market value) if there is a distribution in kind of shares of Athene Holding (unless such payment in shares would violate Section 16(b) of the U.S. Securities Exchange Act of 1934, as amended), or paid in cash if AAA sells the shares of Athene Holding. In addition, Other includes certain SIAs.
- As of December 31, 2015, Fund V, Apollo Asia Private Credit Fund, L.P. ("APC"), ANRP I, Apollo Credit Liquidity Fund, L.P. ("ACLF"), COF II, and certain SIAs within the credit segment had \$10.8 million, \$2.1 million, \$3.4 million, \$25.6 million, \$0.4 million, and \$29.7 million, respectively, in general partner obligations to return previously distributed carried interest income. The fair value gain on investments and income at the fund level needed to reverse the general partner obligations in Fund V, APC, ANRP I, ACLF, COF II, and certain SIAs within the credit segment was \$71.7 million, \$12.3 million, \$217.5 million, \$64.5 million, \$5.1 million, and \$191.5 million, respectively, as of December 31, 2015. As of December 31, 2014, Other SIAs and ACLF had \$0.9 million and \$2.5 million, respectively, in general partner obligations to return previously distributed carried interest income. The fair value gain on investments and income at the fund level needed to reverse the general partner obligations in Other SIAs and ACLF was \$2.2 million and \$7.0 million, respectively, as of December 31, 2014.
- As of December 31, 2015 and 2014, there was a corresponding profit sharing payable of \$295.7 million and \$434.9 million, respectively, including profit sharing payable related to amounts in escrow and contingent consideration obligations of \$79.6 million and \$96.1 million, respectively.

The general partners of the private equity, credit and real estate funds listed in the table above were accruing carried interest income as of December 31, 2015. The investment manager of AINV accrues carried interest in the management company

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business as it is earned. The general partners of certain of our credit funds accrue carried interest when the fair value of investments exceeds the cost basis of the individual investors' investments in the fund, including any allocable share of expenses incurred in connection with such investments, which we refer to as "high water marks." These high water marks are applied on an individual investor basis. Certain of our credit funds have investors with various high water marks, the achievement of which are subject to market conditions and investment performance.

Carried interest income from our private equity funds and certain credit and real estate funds is subject to contingent repayment by the general partner in the event of future losses to the extent that the cumulative carried interest distributed from inception to date exceeds the amount computed as due to the general partner at the final distribution. These general partner obligations, if applicable, are included in due to affiliates on the consolidated statements of financial condition. As of December 31, 2015 and 2014, there was \$72.0 million and \$3.4 million, respectively, of such general partner obligations related to our funds. Carried interest receivable is reported on a separate line item within the consolidated statements of financial condition.

The following table summarizes our carried interest income since inception for our combined segments through December 31, 2015:

<b>Carried Interest Income Since Inception <sup>(1)</sup></b>					
	<b>Undistributed by Fund and Recognized</b>	<b>Distributed by Fund and Recognized <sup>(2)</sup></b>	<b>Total Undistributed and Distributed by Fund and Recognized<sup>(3)</sup></b>	<b>General Partner Obligation as of December 31, 2015<sup>(3)</sup></b>	<b>Maximum Carried Interest Income Subject to Potential Reversal<sup>(4)</sup></b>
(in millions)					
<b>Private Equity Funds:</b>					
Fund VII	\$ 68.7	\$ 3,091.8	\$ 3,160.5	\$ —	\$ 611.0
Fund VI	52.6	1,658.9	1,711.5	—	1,165.2
Fund V	—	1,455.0	1,455.0	10.8	17.1
Fund IV	6.2	597.8	604.0	—	6.2
AAA/Other	246.4	170.8	417.2	5.5	248.5
<b>Total Private Equity Funds</b>	<b>373.9</b>	<b>6,974.3</b>	<b>7,348.2</b>	<b>16.3</b>	<b>2,048.0</b>
<b>Credit Category<sup>(5)</sup>:</b>					
Drawdown	163.9	896.2	1,060.1	55.7	250.6
Liquid/Performing	48.9	398.6	447.5	—	62.2
Permanent capital vehicles ex AAM	10.4	—	10.4	—	10.4
<b>Total Credit Funds</b>	<b>223.2</b>	<b>1,294.8</b>	<b>1,518.0</b>	<b>55.7</b>	<b>323.2</b>
<b>Real Estate Funds:</b>					
CPI Funds	1.4	8.3	9.7	—	2.5
U.S. RE Fund I	20.7	2.9	23.6	—	20.7
Other	7.1	1.8	8.9	—	5.8
<b>Total Real Estate Funds</b>	<b>29.2</b>	<b>13.0</b>	<b>42.2</b>	<b>—</b>	<b>29.0</b>
<b>Total</b>	<b>\$ 626.3</b>	<b>\$ 8,282.1</b>	<b>\$ 8,908.4</b>	<b>\$ 72.0</b>	<b>\$ 2,400.2</b>

- (1) Certain funds are denominated in Euros and historical figures are translated into U.S. dollars at an exchange rate of €1.00 to \$1.09 as of December 31, 2015.
- (2) Amounts in "Distributed by Fund and Recognized" for the CPI, Gulf Stream and Stone Tower funds and SIAs are presented for activity subsequent to the respective acquisition dates.
- (3) Amounts were computed based on the fair value of fund investments on December 31, 2015. Carried interest income has been allocated to and recognized by the general partner. Based on the amount of carried interest income allocated, a portion is subject to potential reversal or, to the extent applicable, has been reduced by the general partner obligation to return previously distributed carried interest income or fees at December 31, 2015. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of the fund's investments based on contractual termination of the fund.
- (4) Represents the amount of carried interest income that would be reversed if remaining fund investments became worthless on December 31, 2015. Amounts subject to potential reversal of carried interest income include amounts undistributed by a fund (i.e., the carried interest receivable), as well as a portion of the amounts that have been distributed by a fund, net of taxes not subject to a general partner obligation to return previously distributed carried interest income, except for those funds that are gross of taxes as defined in the respective funds' management agreement.
- (5) Amounts exclude AINV, as carried interest income from this entity is not subject to contingent repayment.

## *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, credit and real estate funds and compensation expense associated with the vesting of non-cash equity-based awards.

Our compensation arrangements with certain partners and employees contain a significant performance-based incentive component. Therefore, as our net revenues increase, our compensation costs also rise or can be lower when net revenues decrease. In addition, our compensation costs reflect the increased investment in people as we expand geographically and create new funds.

In addition, certain professionals and selected other individuals have a profit sharing interest in the carried interest income earned in relation to our private equity, certain credit and real estate funds in order to better align their interests with our own and with those of the investors in these funds. Profit sharing expense is part of our compensation and benefits expense and is generally based upon a fixed percentage of private equity, credit and real estate carried interest income on a pre-tax and a pre-consolidated basis. Profit sharing expense can reverse during periods when there is a decline in carried interest income that was previously recognized. Profit sharing amounts are normally distributed to employees after the corresponding investment gains have been realized and generally before preferred returns are achieved for the investors. Therefore, changes in our unrealized gains (losses) for investments have the same effect on our profit sharing expense. Profit sharing expense increases when unrealized gains increase. Realizations only impact profit sharing expense to the extent that the effects on investments have not been recognized previously. If losses on other investments within a fund are subsequently realized, the profit sharing amounts previously distributed are normally subject to a general partner obligation to return carried interest income previously distributed back to the funds. This general partner obligation due to the funds would be realized only when the fund is liquidated, which generally occurs at the end of the fund's term. However, indemnification obligations also exist for pre-reorganization realized gains, which, although our Managing Partners and Contributing Partners would remain personally liable, may indemnify our Managing Partners and Contributing Partners for 17.5% to 100% of the previously distributed profits regardless of the fund's future performance. See note 15 to our consolidated financial statements for further discussion of indemnification.

Each Managing Partner receives \$100,000 per year in base salary for services rendered to us. Additionally, our Managing Partners can receive other forms of compensation. In connection with the 2007 Reorganization, the Managing Partners and Contributing Partners received AOG Units with a vesting period of five to six years (all of which have fully vested) and certain employees were granted RSUs with a vesting period of typically six years (all of which have also fully vested). Managing Partners, Contributing Partners and certain employees have also been granted AAA restricted depository units ("RDUs"), or incentive units that provide the right to receive AAA RDUs, which both represent common units of AAA and generally vest over three years for employees and are fully-vested for Managing Partners and Contributing Partners on the grant date. In addition, AHL Awards (as defined in note 14 to our consolidated financial statements) and other equity-based compensation awards have been granted to the Company and certain employees, which amortize over the respective vesting periods. In addition, the Company grants equity awards to certain employees, including RSUs, restricted Class A shares and options, that generally vest and become exercisable in quarterly installments or annual installments depending on the contract terms over a period of three to six years. See note 14 to our consolidated financial statements for further discussion of AOG Units and other equity-based compensation.

**Other Expenses.** The balance of our other expenses includes interest, professional fees, placement fees, occupancy, depreciation and amortization and other general operating expenses. Interest expense consists primarily of interest related to the 2007 AMH Credit Agreement, the 2013 AMH Credit Facilities and the 2024 Senior Notes as discussed in note 12 to our consolidated financial statements. Placement fees are incurred in connection with our capital raising activities. Occupancy expense represents charges related to office leases and associated expenses, such as utilities and maintenance fees. Depreciation and amortization of fixed assets is normally calculated using the straight-line method over their estimated useful lives, ranging from two to sixteen years, taking into consideration any residual value. Leasehold improvements are amortized over the shorter of the useful life of the asset or the expected term of the lease. Intangible assets are amortized based on the future cash flows over the expected useful lives of the assets. Other general operating expenses normally include costs related to travel, information technology and administration.

## *Other Income (Loss)*

**Net Gains (Losses) from Investment Activities.** The performance of the consolidated Apollo funds has impacted our net gains (losses) from investment activities. Net gains (losses) from investment activities include both realized gains and losses and the change in unrealized gains and losses in our investment portfolio between the opening reporting date and the closing reporting date. Net unrealized gains (losses) are a result of changes in the fair value of unrealized investments and reversal of unrealized gains (losses) due to dispositions of investments during the reporting period. Prior to the adoption of new accounting

guidance effective January 1, 2015, for results of AAA, a portion of the net gains (losses) from investment activities were attributable to Non-Controlling Interests in the consolidated statements of operations. 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 financial statements.

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

**Other Income (Losses), Net.** Other income (losses), net includes gains (losses) arising from the remeasurement of foreign currency denominated assets and liabilities of foreign subsidiaries, reversal of a portion of the tax receivable agreement liability (see note 15 to our consolidated financial statements), gains (losses) arising from the remeasurement of derivative instruments associated with fees from certain of the Company's affiliates and other miscellaneous non-operating income and expenses.

**Income Taxes.** The Apollo Operating Group and its subsidiaries generally operate as partnerships for U.S. federal income tax purposes. As a result, except as described below, the Apollo Operating Group has not been subject to U.S. income taxes. However, these entities in some cases are subject to New York City Unincorporated Business Tax ("NYC UBT"), and non-U.S. entities, in some cases, are subject to non-U.S. corporate income taxes. In addition, APO Corp., a wholly-owned subsidiary of the Company, is subject to U.S. federal, state and local corporate income tax, and the Company's provision for income taxes is accounted for in accordance with U.S. GAAP.

Significant judgment is required in determining tax expense and in evaluating tax positions, including evaluating uncertainties. We recognize the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained upon examination, including resolutions of any related appeals or litigation, based on the technical merits of the position. The tax benefit is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. If a tax position is not considered more likely than not to be sustained, then no benefits of the position are recognized. The Company's tax positions are reviewed and evaluated quarterly to determine whether or not we have uncertain tax positions that require financial statement recognition.

Deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amount of assets and liabilities and their respective tax basis using currently enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

#### ***Non-Controlling Interests***

For entities that are consolidated, but not 100% owned, a portion of the income or loss and corresponding equity is allocated to owners other than Apollo. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included in Non-Controlling Interests in the consolidated financial statements. The Non-Controlling Interests relating to Apollo Global Management, LLC primarily include the 54.4% and 57.7% ownership interest in the Apollo Operating Group held by the Managing Partners and Contributing Partners through their limited partner interests in Holdings as of December 31, 2015 and 2014, respectively. Non-Controlling Interests also include limited partner interests in certain consolidated funds and VIEs.

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



**Results of Operations**

Below is a discussion of our consolidated results of operations for the years ended December 31, 2015, 2014 and 2013. For additional analysis of the factors that affected our results at the segment level, see “—Segment Analysis” below:

	For the Year Ended December 31,				For the Year Ended December 31,			
	2015(1)	2014	Amount Change	Percentage Change	2014	2013	Amount Change	Percentage Change
<b>Revenues:</b>	(in thousands)				(in thousands)			
Advisory and transaction fees from affiliates, net	\$ 14,186	\$ 315,587	\$ (301,401)	(95.5)%	\$ 315,587	\$ 196,562	\$ 119,025	60.6 %
Management fees from affiliates	930,194	850,441	79,753	9.4 %	850,441	674,634	175,807	26.1 %
Carried interest income from affiliates	97,290	394,055	(296,765)	(75.3)%	394,055	2,862,375	(2,468,320)	(86.2)%
<b>Total Revenues</b>	<b>1,041,670</b>	<b>1,560,083</b>	<b>(518,413)</b>	<b>(33.2)%</b>	<b>1,560,083</b>	<b>3,733,571</b>	<b>(2,173,488)</b>	<b>(58.2)%</b>
<b>Expenses:</b>								
Compensation and benefits:								
Salary, bonus and benefits	354,524	338,049	16,475	4.9 %	338,049	294,753	43,296	14.7 %
Equity-based compensation	97,676	126,320	(28,644)	(22.7)%	126,320	126,227	93	0.1 %
Profit sharing expense	85,229	276,190	(190,961)	(69.1)%	276,190	1,173,255	(897,065)	(76.5)%
<b>Total Compensation and Benefits</b>	<b>537,429</b>	<b>740,559</b>	<b>(203,130)</b>	<b>(27.4)%</b>	<b>740,559</b>	<b>1,594,235</b>	<b>(853,676)</b>	<b>(53.5)%</b>
Interest expense	30,071	22,393	7,678	34.3 %	22,393	29,260	(6,867)	(23.5)%
General, administrative and other	102,255	97,663	4,592	4.7 %	97,663	98,202	(539)	(0.5)%
Professional fees	68,113	82,030	(13,917)	(17.0)%	82,030	83,407	(1,377)	(1.7)%
Occupancy	40,219	40,427	(208)	(0.5)%	40,427	39,946	481	1.2 %
Placement fees	8,414	15,422	(7,008)	(45.4)%	15,422	42,424	(27,002)	(63.6)%
Depreciation and amortization	44,474	45,069	(595)	(1.3)%	45,069	54,241	(9,172)	(16.9)%
<b>Total Expenses</b>	<b>830,975</b>	<b>1,043,563</b>	<b>(212,588)</b>	<b>(20.4)%</b>	<b>1,043,563</b>	<b>1,941,715</b>	<b>(898,152)</b>	<b>(46.3)%</b>
<b>Other Income:</b>								
Net gains from investment activities	121,723	213,243	(91,520)	(42.9)%	213,243	330,235	(116,992)	(35.4)%
Net gains from investment activities of consolidated variable interest entities	19,050	22,564	(3,514)	(15.6)%	22,564	199,742	(177,178)	(88.7)%
Income from equity method investments	14,855	53,856	(39,001)	(72.4)%	53,856	107,350	(53,494)	(49.8)%
Interest income	3,232	10,392	(7,160)	(68.9)%	10,392	12,266	(1,874)	(15.3)%
Other income, net	7,673	60,592	(52,919)	(87.3)%	60,592	40,114	20,478	51.0 %
<b>Total Other Income (Loss)</b>	<b>166,533</b>	<b>360,647</b>	<b>(194,114)</b>	<b>(53.8)%</b>	<b>360,647</b>	<b>689,707</b>	<b>(329,060)</b>	<b>(47.7)%</b>
Income before income tax provision	377,228	877,167	(499,939)	(57.0)%	877,167	2,481,563	(1,604,396)	(64.7)%
Income tax provision	(26,733)	(147,245)	120,512	(81.8)%	(147,245)	(107,569)	(39,676)	36.9 %
<b>Net Income</b>	<b>350,495</b>	<b>729,922</b>	<b>(379,427)</b>	<b>(52.0)%</b>	<b>729,922</b>	<b>2,373,994</b>	<b>(1,644,072)</b>	<b>(69.3)%</b>
Net income attributable to Non-controlling Interests	(215,998)	(561,693)	345,695	(61.5)%	(561,693)	(1,714,603)	1,152,910	(67.2)%
<b>Net Income Attributable to Apollo Global Management, LLC</b>	<b>\$ 134,497</b>	<b>\$ 168,229</b>	<b>\$ (33,732)</b>	<b>(20.1)%</b>	<b>\$ 168,229</b>	<b>\$ 659,391</b>	<b>\$ (491,162)</b>	<b>(74.5)%</b>

- (1) Apollo adopted new U.S. GAAP consolidation and collateralized financing entity (“CFE”) guidance during the year ended December 31, 2015 which resulted in the deconsolidation of certain funds as of January 1, 2015 and a measurement alternative of the financial assets and liabilities of the remaining consolidated CLOs. See note 2 to the consolidated financial statements for details regarding the Company’s adoption of the new consolidation and CFE guidance.

**Revenues**

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

*Year Ended December 31, 2015 Compared to Year Ended December 31, 2014*

Advisory and transaction fees from affiliates, net, decreased by \$301.4 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to a decrease in monitoring fees from Athene of \$224.5 million as a result of the termination of the Athene Services Agreement (as described in note 15 to the consolidated financial statements) as of December 31, 2014, a decrease in net advisory and transaction fees earned with respect to Fund VII of \$26.6 million and a legal reserve in connection with an ongoing SEC regulatory matter recorded during the year ended December 31, 2015.

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Management fees from affiliates increased by \$79.8 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to the adoption of new consolidation guidance which led to the deconsolidation of certain funds and CLOs as of January 1, 2015 as described in notes 2 and 5 to the consolidated financial statements. As a result of the adoption of new consolidation guidance, eliminations of management fees of consolidated CLOs decreased by \$59.2 million during the year ended December 31, 2015 as compared to the year ended December 31, 2014. The change in management fees from affiliates was also driven by an increase in management fees in relation to the AHL Awards of \$7.0 million granted to the Company's employees, which are liability awards that are marked-to-market based on the valuation of Athene (see note 14 to the consolidated financial statements).

Carried interest income from affiliates decreased by \$296.8 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to decreases in carried interest income from the private equity and credit segments of \$206.3 million and \$107.0 million, respectively, offset by an increase in carried interest income from the real estate segment of \$4.1 million during the year ended December 31, 2015 as compared to the same period in 2014. For additional details regarding changes in carried interest income in each segment, see "—Segment Analysis" below.

*Year Ended December 31, 2014 Compared to Year Ended December 31, 2013*

Advisory and transaction fees from affiliates, net, increased by \$119.0 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was attributable to an increase in the credit segment of \$140.5 million offset by a decrease in the private equity segment of \$20.1 million. The increase in the credit segment was primarily attributable to an increase in monitoring fees from Athene of \$118.5 million as a result of Athene's acquisition of U.S. annuity operations of Aviva plc ("Aviva USA"). The decrease in the private equity segment was primarily attributable to lower net advisory fees due to the realization of underlying investments, termination fees and waived fees related to debt investment vehicles, Taminco, Realogy and Caesars Entertainment that occurred during the year ended December 31, 2013 and lower net transaction fees earned for the year ended December 31, 2014 compared to 2013. Advisory and transaction fees are reported net of Management Fee Offsets as calculated under the terms of the applicable limited partnership agreements. See "—Overview of Results of Operations—Revenues—Advisory and Transaction Fees from Affiliates, Net" for a description of how the Management Fee Offsets are calculated.

Management fees from affiliates increased by \$175.8 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to an increase in management fees earned by our credit and private equity segments of \$146.3 million and \$30.2 million, respectively. The primary driver of the increase in management fees earned from the credit funds was an increase in management fees earned from Athene of \$126.1 million during the year ended December 31, 2014 as compared to the same period in 2013 as a result of Athene's acquisition of Aviva USA. The primary driver of the increase in management fees earned from the private equity funds was an increase in management fees earned from Fund VIII in the amount of \$126.4 million during the year ended December 31, 2014, partially offset by decreased management fees earned from Fund VII of \$92.9 million as a result of a change in the management fee rate and basis upon which management fees are earned from capital commitments to invested capital, due to the fund coming to the end of the fund's investment period.

Carried interest income from affiliates decreased by \$2.5 billion for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to a decrease in carried interest loss from the private equity segment of \$2.3 billion, a decrease in carried interest income earned from the credit segment of \$208.1 million and an increase in carried interest income from the real estate segment of \$3.7 million during the year ended December 31, 2014 as compared to the same period in 2013. For additional details regarding changes in carried interest income in each segment, see "—Segment Analysis" below.

**Expenses**

*Year Ended December 31, 2015 Compared to Year Ended December 31, 2014*

Compensation and benefits decreased by \$203.1 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to a decrease in profit sharing expense of \$191.0 million due to lower carried interest income during the year ended December 31, 2015 as compared to the same period in 2014. In any year the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating carried interest in the period. Equity-based compensation decreased \$28.6 million during the year ended December 31, 2015 as compared to the same period in 2014 primarily due to non-cash expense of \$45.6 million incurred in connection with the departure of an executive officer during the year ended December 31, 2014. This decrease was offset by additional expense incurred in relation to the AHL Awards granted to the Company's employees, which are liability awards that are marked to market based on the valuation of Athene (see note 14 to the consolidated financial statements) during the year ended December 31, 2015. The decrease in profit sharing

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expense and equity-based compensation were offset by an increase in salary, bonus and benefits of \$16.5 million during the year ended December 31, 2015 as a result of an increase in headcount after December 31, 2014.

Included within profit sharing expense was \$62.1 million and \$62.0 million related to the Incentive Pool for the years ended December 31, 2015 and 2014, respectively. Included in the Incentive Pool is a fixed component which was \$1.6 million and \$6.5 million for the years ended December 31, 2015 and 2014, respectively. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular quarter. See “—Profit Sharing Expense” in the Critical Accounting Policies section for an overview of the Incentive Pool.

Interest expense increased by \$7.7 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014 as a result of the issuance of the 2024 Senior Notes in May, 2014, as described in note 12 to our consolidated financial statements.

General, administrative and other fees increased by \$4.6 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014 primarily due to a legal reserve in connection with an ongoing SEC regulatory matter recorded during the year ended December 31, 2015, offset by lower technology expenses during the year ended December 31, 2015 as compared to the same period in 2014.

Professional fees decreased by \$13.9 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to lower consulting fees during the year ended December 31, 2015 as compared to the same period in 2014.

Placement fees decreased by \$7.0 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. Placement fees are incurred in connection with raising capital for new and existing funds. The fees are normally payable to placement agents, who are third parties that assist in identifying potential investors, securing commitments to invest from such potential investors, preparing or revising offering marketing materials, developing strategies for attempting to secure investments by potential investors and/or providing feedback and insight regarding issues and concerns of potential investors. This change was primarily attributable to placement fees with respect to COF III of \$6.3 million during the year ended December 31, 2014 that did not recur during the year ended December 31, 2015.

*Year Ended December 31, 2014 Compared to Year Ended December 31, 2013*

Compensation and benefits decreased by \$853.7 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to a decrease in profit sharing expense of \$897.1 million due to lower carried interest income during the year ended December 31, 2014 as compared to the year ended December 31, 2013. In any year the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds that are generating carried interest in the period. During the year ended December 31, 2014, the fair value of Fund VII's underlying fund investments appreciated while Fund VI's underlying fund investments depreciated, which contributed to an increased profit sharing percentage compared to the year ended December 31, 2013. The decrease in profit sharing expense was offset by an increase in salary, bonus and benefits of \$43.3 million during the year ended December 31, 2014.

Included within profit sharing expense was \$62.0 million and \$62.4 million related to the Incentive Pool for the years ended December 31, 2014 and 2013, respectively. Included in the Incentive Pool is a fixed component which was \$6.5 million and \$8.0 million, for the years ended December 31, 2014 and 2013, respectively. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular quarter.

Interest expense decreased by \$6.9 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to a lower margin rate incurred from the 2013 AMH Credit Facilities as compared to the 2007 AMH Credit Agreement during the year ended December 31, 2014 as compared to the same period in 2013 (see note 12 to our consolidated financial statements).

Placement fees decreased by \$27.0 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. Placement fees are incurred in connection with the raising of capital for new and existing funds. The fees are normally payable to placement agents, who are third parties that assist in identifying potential investors, securing commitments to invest from such potential investors, preparing or revising offering marketing materials, developing strategies for attempting to secure investments by potential investors and/or providing feedback and insight regarding issues and concerns of potential investors. This change was primarily attributable to decreases in placement fees with respect to EPF II and Fund VIII of \$14.1 million and \$13.2 million, respectively, during the year ended December 31, 2014 as compared to the same period in 2013.

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Depreciation and amortization expense decreased by \$9.2 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to lower amortization of intangible assets during the year ended December 31, 2014 as compared to the year ended December 31, 2013 as certain intangible assets were fully amortized in 2014.

**Other Income (Loss)**

*Year Ended December 31, 2015 Compared to Year Ended December 31, 2014*

Net gains from investment activities decreased by \$91.5 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to net gains from investment activities with respect to AAA of \$204.6 million during the year ended December 31, 2014 that did not recur during the year ended December 31, 2015 as a result of the deconsolidation of AAA effective January 1, 2015. (See note 2 to the consolidated financial statements for details regarding the Company's adoption of the new consolidation guidance.) This was offset by an unrealized gain on the Company's investment in Athene of \$122.4 million during the year ended December 31, 2015.

Income from equity method investments decreased by \$39.0 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily driven by decreases in the values of investments held by certain Apollo funds and other entities in which the Company has a direct interest, mainly with respect to Fund VII, AINV, AION, EPF I, ARI and ACLF which resulted in decreases in income from equity method investments of \$12.4 million, \$9.3 million, \$5.9 million, \$3.4 million, \$2.7 million and \$2.0 million, respectively. These decreases were offset by an increase in the value of Apollo's ownership interest in AAA of \$10.0 million.

Interest income decreased by \$7.2 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014 primarily due to payment-in-kind interest income earned during the year ended December 31, 2014 that did not recur in 2015 as a result of the sale of the Company's investment in HFA during the year ended December 31, 2014.

Other income, net decreased by \$52.9 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily due to (i) a gain from the reduction of the tax receivable agreement liability of \$32.2 million resulting from changes in projected income estimates and in estimated tax rates (see note 15 to our consolidated financial statements), (ii) a \$14.0 million unrealized gain on Athene-related derivative contracts as a result of the settlement of these derivative contracts during 2014 and (iii) a gain on extinguishment of a portion of the contingent consideration obligation related to the acquisition of Stone Tower of \$13.4 million, each of which occurred during the year ended December 31, 2014 and did not recur in 2015.

*Year Ended December 31, 2014 Compared to Year Ended December 31, 2013*

Net gains from investment activities decreased by \$117.0 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to a \$137.9 million decrease in net unrealized gains related to changes in the fair value of investments held by AAA, offset by a decrease in losses on the investment in HFA Holdings Limited ("HFA") of \$21.4 million (see note 4 to the consolidated financial statements).

Net gains from investment activities of consolidated VIEs decreased by \$177.2 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. The decrease was primarily attributable to a \$238.5 million net loss from investment activities for the year ended December 31, 2014 as compared to a \$54.2 million net gain from investment activities for the year ended December 31, 2013. The decrease was also driven by a \$7.8 million decrease in interest and other income and a \$74.6 million increase in other expenses for the year ended December 31, 2014 as compared to the same period in 2013. These changes were offset by a \$102.5 million net gain from debt for the year ended December 31, 2014 as compared to a \$95.4 million net loss from debt for the year ended December 31, 2013.

Income from equity method investments decreased by \$53.5 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily driven by lower appreciation in the net asset value of entities in which the Company has a direct interest for the year ended December 31, 2014 as compared to the year ended December 31, 2013. Fund VI and Fund VII had the most significant impact and together had a reduction of \$53.9 million of income from equity method investments during the year ended December 31, 2014 as compared to the same period in 2013.

Interest income decreased by \$1.9 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013 primarily due to the decrease of payment-in-kind interest income as a result of the sale of the Company's investment in HFA during July 2014 as compared to the same period in 2013 (see note 4 to the consolidated financial statements).

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Other income, net increased by \$20.5 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to a gain from the reduction of the tax receivable agreement liability during the year ended December 31, 2014 resulting from changes in projected income estimates and in estimated tax rates (see note 15 to our consolidated financial statements) and a gain on extinguishment of a portion of the contingent consideration obligation related to the acquisition of Stone Tower (see note 16 to our consolidated financial statements) during the period. These increases were offset by losses resulting from fluctuations in exchange rates of foreign denominated assets and liabilities of subsidiaries during the year ended December 31, 2014.

**Income Tax Provision**

*Year Ended December 31, 2015 Compared to Year Ended December 31, 2014*

The income tax provision decreased by \$120.5 million primarily due to a decrease in management business income subject to corporate-level tax, as well as a change in the mix of earnings which are subject to corporate-level tax. The Apollo Operating Group and its subsidiaries generally operate as partnerships for U.S. federal income tax purposes. As a result, only a portion of the income we earn is subject to corporate-level tax in the United States and foreign jurisdictions. The provision for income taxes includes federal, state and local income taxes in the United States and foreign income taxes at an effective tax rate of 7.1% and 16.8% for the years ended December 31, 2015 and 2014, respectively. The reconciling items between our statutory tax rate and our effective tax rate were due to the following: (i) income passed through to Non-Controlling Interests; (ii) income passed through to Class A shareholders; and (iii) state and local income taxes including NYC UBT (see note 11 to the consolidated financial statements for further details regarding the Company's income tax provision).

*Year Ended December 31, 2014 Compared to Year Ended December 31, 2013*

Income tax provision increased by \$39.7 million primarily due to an increase in management business income subject to corporate level taxation. There was also a reduction of the Company's blended state tax rate which caused the Company to reduce its deferred tax assets and increased income tax expense. The provision for income taxes includes federal, state and local income taxes in the United States and foreign income taxes at an effective tax rate of 16.8% and 4.3% for the years ended December 31, 2014 and 2013, respectively. The reconciling items between our statutory tax rate and our effective tax rate were due to the following: (i) income passed through to Non-Controlling Interests; (ii) income passed through to Class A shareholders; (iii) amortization of AOG Units that are nondeductible for income tax purposes which were fully amortized as of June 30, 2013; and (iv) state and local income taxes including NYC UBT.

**Non-Controlling Interests**

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

	<b>For the Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	(in thousands)		
Net income	\$ 350,495	\$ 729,922	\$ 2,373,994
Net income attributable to Non-Controlling Interests in consolidated entities	(21,364)	(157,011)	(456,953)
Net income after Non-Controlling Interests in consolidated entities	329,131	572,911	1,917,041
Adjustments:			
Income tax provision <sup>(1)</sup>	26,733	147,245	107,569
NYC UBT and foreign tax provision <sup>(2)</sup>	(10,975)	(10,995)	(10,334)
Net (income) loss in non-Apollo Operating Group entities	449	(31,150)	(11,774)
Total adjustments	16,207	105,100	85,461
Net income after adjustments	345,338	678,011	2,002,502
Approximate weighted average ownership percentage of Apollo Operating Group	55.9%	57.8%	61.0%
Net income attributable to Non-Controlling Interests in Apollo Operating Group	\$ 194,634	\$ 404,682	\$ 1,257,650

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- (1) Reflects all taxes recorded in our consolidated statements of operations. Of this amount, U.S. federal, state, and local corporate income taxes attributable to APO Corp. are added back to income of the Apollo Operating Group before calculating Non-Controlling Interests as the income allocable to the Apollo Operating Group is not subject to such taxes.
- (2) Reflects NYC UBT and foreign taxes that are attributable to the Apollo Operating Group and its subsidiaries related to its operations in the U.S. as partnerships and in non-U.S. jurisdictions as corporations. As such, these amounts are considered in the income attributable to the Apollo Operating Group.

**Segment Analysis**

Discussed below are our results of operations for each of our reportable segments. They represent the segment information available and utilized by our executive management, which consists of our Managing Partners, who operate collectively as our chief operating decision maker, to assess performance and to allocate resources. Management divides its operations into three reportable segments: private equity, credit and real estate. These segments were established based on the nature of investment activities in each underlying fund, including the specific type of investment made, the frequency of trading, and the level of control over the investment. Segment results represent segment income (loss) before income tax provision excluding transaction-related charges arising from the 2007 private placement, and any acquisitions. Transaction-related charges include equity-based compensation charges, the amortization of intangible assets and contingent consideration and certain other charges associated with acquisitions. In addition, segment data excludes non-cash revenue and expense related to equity awards granted by unconsolidated affiliates to employees of the Company, as well as the assets, liabilities and operating results of the funds and VIEs that are included in the consolidated financial statements.

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

**Private Equity**

The following tables set forth our segment statement of operations information and our supplemental performance measure, EI, for the “management” and “incentive” businesses within our private equity segment for the years ended December 31, 2015, 2014 and 2013, respectively.

	For the Year Ended December 31, 2015			For the Year Ended December 31, 2014			Total Change	Percentage Change
	Management	Incentive	Total	Management	Incentive	Total		
(in thousands)								
<b>Private Equity(1):</b>								
<b>Revenues:</b>								
Advisory and transaction fees from affiliates, net	\$ (7,485)	\$ —	\$ (7,485)	\$ 58,241	\$ —	\$ 58,241	\$ (65,726)	NM
Management fees from affiliates	295,836	—	295,836	315,069	—	315,069	(19,233)	(6.1)%
<b>Carried interest income from affiliates:</b>								
Unrealized losses(2)	—	(314,161)	(314,161)	—	(1,196,093)	(1,196,093)	881,932	(73.7)%
Realized gains	—	339,822	339,822	—	1,428,076	1,428,076	(1,088,254)	(76.2)%
Total carried interest income from affiliates	—	25,661	25,661	—	231,983	231,983	(206,322)	(88.9)%
<b>Total Revenues</b>	<b>288,351</b>	<b>25,661</b>	<b>314,012</b>	<b>373,310</b>	<b>231,983</b>	<b>605,293</b>	<b>(291,281)</b>	<b>(48.1)%</b>
<b>Expenses:</b>								
<b>Compensation and benefits:</b>								
Salary, bonus and benefits	104,367	—	104,367	96,689	—	96,689	7,678	7.9 %
Equity-based compensation	31,324	—	31,324	49,526	—	49,526	(18,202)	(36.8)%
Profit sharing expense	—	46,572	46,572	—	178,373	178,373	(131,801)	(73.9)%
Total compensation and benefits	135,691	46,572	182,263	146,215	178,373	324,588	(142,325)	(43.8)%
Other expenses	80,109	—	80,109	70,286	—	70,286	9,823	14.0 %
<b>Total Expenses</b>	<b>215,800</b>	<b>46,572</b>	<b>262,372</b>	<b>216,501</b>	<b>178,373</b>	<b>394,874</b>	<b>(132,502)</b>	<b>(33.6)%</b>
<b>Other Income:</b>								
Net interest expense	—	(9,878)	(9,878)	—	(7,883)	(7,883)	(1,995)	25.3 %
Net gains from investment activities	—	6,933	6,933	—	—	—	6,933	NM
Income from equity method investments	—	19,125	19,125	—	30,418	30,418	(11,293)	(37.1)%
Other income, net	1,988	1,160	3,148	12,410	1,617	14,027	(10,879)	(77.6)%
<b>Total Other Income</b>	<b>1,988</b>	<b>17,340</b>	<b>19,328</b>	<b>12,410</b>	<b>24,152</b>	<b>36,562</b>	<b>(17,234)</b>	<b>(47.1)%</b>
<b>Economic Income (Loss)</b>	<b>\$ 74,539</b>	<b>\$ (3,571)</b>	<b>\$ 70,968</b>	<b>\$ 169,219</b>	<b>\$ 77,762</b>	<b>\$ 246,981</b>	<b>\$ (176,013)</b>	<b>(71.3)%</b>

- (1) Prior period amounts have been recast to conform to the current presentation. See note 18 to our consolidated financial statements for more detail on the reclassifications within our three segments.

- (2) Included in unrealized carried interest losses from affiliates for the year ended December 31, 2015 was a reversal of previously realized carried interest income due to the general partner obligation to return previously distributed carried interest income. See note 15 to our consolidated financial statements for further detail regarding the general partner obligation.

	For the Year Ended December 31, 2014			For the Year Ended December 31, 2013			Total Change	Percentage Change
	Management	Incentive	Total	Management	Incentive	Total		
(in thousands)								
<b>Private Equity(1):</b>								
<b>Revenues:</b>								
Advisory and transaction fees from affiliates, net	\$ 58,241	\$ —	\$ 58,241	\$ 78,371	\$ —	\$ 78,371	\$ (20,130)	(25.7)%
Management fees from affiliates	315,069	—	315,069	284,833	—	284,833	30,236	10.6
Carried interest income from affiliates:								
Unrealized gains (losses)(2)	—	(1,196,093)	(1,196,093)	—	454,722	454,722	(1,650,815)	NM
Realized gains	—	1,428,076	1,428,076	—	2,062,525	2,062,525	(634,449)	(30.8)
Total carried interest income from affiliates	—	231,983	231,983	—	2,517,247	2,517,247	(2,285,264)	(90.8)
<b>Total Revenues</b>	<b>373,310</b>	<b>231,983</b>	<b>605,293</b>	<b>363,204</b>	<b>2,517,247</b>	<b>2,880,451</b>	<b>(2,275,158)</b>	<b>(79.0)</b>
<b>Expenses:</b>								
Compensation and benefits:								
Salary, bonus and benefits	96,689	—	96,689	109,761	—	109,761	(13,072)	(11.9)
Equity-based compensation	49,526	—	49,526	31,967	—	31,967	17,559	54.9
Profit sharing expense	—	178,373	178,373	—	1,030,404	1,030,404	(852,031)	(82.7)
Total compensation and benefits	146,215	178,373	324,588	141,728	1,030,404	1,172,132	(847,544)	(72.3)
Other expenses	70,286	—	70,286	100,896	—	100,896	(30,610)	(30.3)
<b>Total Expenses</b>	<b>216,501</b>	<b>178,373</b>	<b>394,874</b>	<b>242,624</b>	<b>1,030,404</b>	<b>1,273,028</b>	<b>(878,154)</b>	<b>(69.0)</b>
<b>Other Income:</b>								
Net interest expense	—	(7,883)	(7,883)	—	(10,701)	(10,701)	2,818	(26.3)
Income from equity method investments	—	30,418	30,418	—	78,811	78,811	(48,393)	(61.4)
Other income, net	12,410	1,617	14,027	12,079	1,695	13,774	253	1.8
Total Other Income	12,410	24,152	36,562	12,079	69,805	81,884	(45,322)	(55.3)
<b>Economic Income</b>	<b>\$ 169,219</b>	<b>\$ 77,762</b>	<b>\$ 246,981</b>	<b>\$ 132,659</b>	<b>\$ 1,556,648</b>	<b>\$ 1,689,307</b>	<b>\$ (1,442,326)</b>	<b>NM</b>

- (1) Prior period amounts have been recast to conform to the current presentation. See note 18 to our consolidated financial statements for more detail on the reclassifications within our three segments.
- (2) Included in unrealized carried interest losses from affiliates for the year ended December 31, 2014 was a reversal of previously realized carried interest income due to the general partner obligation to return previously distributed carried interest income. See note 15 to our consolidated financial statements for further detail regarding the general partner obligation.

## Revenues

### Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Advisory and transaction fees from affiliates, net decreased by \$65.7 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to a change in the fee structure with respect to Fund VIII as a greater portion of the advisory and transaction fees were shared with limited partners of the fund in 2015. In addition, there were decreases in net advisory and transaction fees earned with respect to Fund VII and ANRP I of \$26.6 million and \$4.3 million, respectively, as well as a legal reserve in connection with an ongoing SEC regulatory matter recorded during the year ended December 31, 2015.

Management fees from affiliates decreased by \$19.2 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to decreases in management fees earned with respect to Fund VI and Fund VII of \$10.6 million and \$10.6 million, respectively, as a result of lower invested capital. In addition, this change was attributable to a decrease in management fees earned with respect to ANRP I of \$3.3 million resulting from a step down in fee basis from committed capital to invested capital during the year ended December 31, 2015 compared to the same period in 2014. These decreases were partially offset by an increase related to ANRP II of \$7.9 million which launched during 2015.

Carried interest income from affiliates decreased by \$206.3 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to decreases in carried interest income earned from Fund VII and ANRP I of \$289.6 million and \$40.1 million, respectively, partially offset by increased carried interest income earned from AAA/Other and Fund VI of \$76.2 million and \$60.6 million, respectively. The decreases in carried interest income earned



from Fund VII and ANRP I were primarily driven by depreciation in their energy-related portfolio holdings during the year ended December 31, 2015. Additionally, the decrease in carried interest income earned from Fund VII was attributable to the non-recurrence of carried interest income of approximately \$299.8 million with respect to certain of the fund's investments that were sold subsequent to December 31, 2014. The increase in carried interest income earned from AAA/Other as compared to the year ended December 31, 2014 was primarily driven by the appreciation on the investment in Athene. The increase in carried interest income earned from Fund VI for the year ended December 31, 2015 as compared to the same period in 2014 was primarily a result of \$112.7 million of carried interest loss relating to one of the fund's public portfolio companies during the year ended December 31, 2014 that did not recur during the year ended December 31, 2015 and an increase in carried interest income earned with respect to the fund's public portfolio company holdings during the year ended December 31, 2015.

*Year Ended December 31, 2014 Compared to Year Ended December 31, 2013*

Advisory and transaction fees from affiliates, net, decreased by \$20.1 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to lower net advisory fees driven by the realization of underlying investments, termination fees and waived fees related to debt investment vehicles, EP Energy, Taminco, Realogy and Caesars Entertainment that occurred during the year ended December 31, 2013 and lower net transaction fees for the year ended December 31, 2014 compared to 2013.

Management fees from affiliates increased by \$30.2 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This increase was primarily attributable to increased management fees earned from Fund VIII in the amount of \$126.4 million during the year ended December 31, 2014. This increase was partially offset by decreased management fees earned from Fund VII of \$92.9 million as a result of a change in the management fee rate and basis upon which management fees are earned from capital commitments to invested capital, due to the fund coming to the end of the fund's investment period.

Carried interest income from affiliates decreased by \$2.3 billion for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to a decrease in carried interest income earned from Fund VI, Fund VII and AAA Investments (Co-Invest VI), L.P. ("AAA Co-Invest VI") of \$1.3 billion, \$850.1 million and \$121.7 million, respectively, primarily driven by the depreciation of publicly marked securities in the funds' portfolios. The decrease in carried interest income earned from Fund VI was also a result of the fund entering its catch-up period during the year ended December 31, 2013 whereby the general partner earns higher carried interest rates, resulting in \$452.3 million of carried interest income during the year ended December 31, 2013 that did not recur during the year ended December 31, 2014. In addition, the decrease in carried interest income earned from Fund VII was attributable to the non-recurrence of net gains with respect to certain of the fund's investments that were sold subsequent to December 31, 2013.

*Expenses*

*Year Ended December 31, 2015 Compared to Year Ended December 31, 2014*

Compensation and benefits expense decreased by \$142.3 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to a decrease in profit sharing expense of \$131.8 million as a result of a corresponding decrease in carried interest income earned from Fund VII, ANRP I and Fund V as discussed above, and a decrease in equity-based compensation of \$18.2 million during the year ended December 31, 2015 as compared to the year ended December 31, 2014. In any year the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds that are generating carried interest in the period. Equity-based compensation was higher during the year ended December 31, 2014 as a result of a non-cash expense of \$17.9 million in connection with the departure of an executive officer during the year ended December 31, 2014. These decreases were offset by an increase in salary, bonus and benefits of \$7.7 million due to an increase in headcount after December 31, 2014.

Included in profit sharing expense is \$46.6 million and \$55.5 million related to the Incentive Pool for the years ended December 31, 2015 and 2014, respectively. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular quarter.

*Year Ended December 31, 2014 Compared to Year Ended December 31, 2013*

Compensation and benefits expense decreased by \$847.5 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to a decrease in profit sharing expense of \$852.0 million, due to lower carried interest income during the year ended December 31, 2014 as compared to the year ended December 31, 2013. In any year, the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating

carried interest in the period. During the year ended December 31, 2014, the fair value of Fund VII's underlying fund investments appreciated while Fund VI's underlying fund investments depreciated, which contributed to an increased profit sharing percentage compared to the year ended December 31, 2013. This decrease was partially offset by increased equity-based compensation of \$17.6 million, driven by non-cash expense related to equity-based compensation in connection with the departure of an executive officer during the year ended December 31, 2014.

Included in profit sharing expense is \$55.5 million and \$46.0 million related to the Incentive Pool for the years ended December 31, 2014 and 2013, respectively. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular quarter.

Other expenses decreased by \$30.6 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to decreased organizational expenses and legal and consulting fees, as well as a reduction in placement fees relating to Fund VIII.

### ***Other Income***

#### *Year Ended December 31, 2015 Compared to Year Ended December 31, 2014*

Net interest expense increased by \$2.0 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014 as a result of the issuance of the 2024 Senior Notes in May, 2014, as described in note 12 to our consolidated financial statements.

Net gains from investment activities increased by \$6.9 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014 due to an increase in mark-to-market on our investment in Athene Holding.

Income from equity method investments decreased by \$11.3 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was driven by decreases in the income from Apollo's equity ownership interest in Fund VII and AION of \$12.4 million and \$5.9 million, respectively, offset by an increase in the value of Apollo's ownership interest in AAA of \$10.0 million during the year ended December 31, 2015 as compared to the year ended December 31, 2014.

Other income, net decreased by \$10.9 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily due to a gain of \$11.8 million resulting from the reduction of the tax receivable agreement liability during the year ended December 31, 2014 that did not recur in 2015.

#### *Year Ended December 31, 2014 Compared to Year Ended December 31, 2013*

Net interest expense decreased by \$2.8 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to a lower margin rate incurred with respect to the 2013 AMH Credit Facilities as compared to the 2007 AMH Credit Agreement during the year ended December 31, 2014 as compared to the same period in 2013. See note 12 to our consolidated financial statements.

Income from equity method investments decreased by \$48.4 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily driven by lower appreciation in the net asset value, primarily from Apollo's ownership interests in Fund VI and Fund VII, in the amounts of \$4.6 million and \$49.3 million, respectively, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, which was offset by an increase in the fair value of Apollo's ownership interest in AION in the amount of \$5.8 million.

## Credit

The following tables set forth segment statement of operations information and EI for the “management” and “incentive” businesses within our credit segment for the years ended December 31, 2015, 2014 and 2013, respectively.

	For the Year Ended December 31, 2015			For the Year Ended December 31, 2014			Total Change	Percentage Change
	Management	Incentive	Total	Management	Incentive	Total		
(in thousands)								
<b>Credit:(1)</b>								
<b>Revenues:</b>								
Advisory and transaction fees from affiliates, net	\$ 17,246	\$ —	\$ 17,246	\$ 255,186	\$ —	\$ 255,186	\$ (237,940)	(93.2)%
Management fees from affiliates	565,241	—	565,241	538,742	—	538,742	26,499	4.9
Carried interest income from affiliates:								
Unrealized losses(2)	—	(80,534)	(80,534)	—	(156,644)	(156,644)	76,110	(48.6)
Realized gains	40,625	98,527	139,152	41,199	281,034	322,233	(183,081)	(56.8)
Total carried interest income from affiliates	40,625	17,993	58,618	41,199	124,390	165,589	(106,971)	(64.6)
Total Revenues	623,112	17,993	641,105	835,127	124,390	959,517	(318,412)	(33.2)
<b>Expenses:</b>								
Compensation and benefits:								
Salary, bonus and benefits	213,479	—	213,479	210,546	—	210,546	2,933	1.4
Equity-based compensation	26,683	—	26,683	47,120	—	47,120	(20,437)	(43.4)
Profit sharing expense	—	34,384	34,384	—	83,788	83,788	(49,404)	(59.0)
Total compensation and benefits	240,162	34,384	274,546	257,666	83,788	341,454	(66,908)	(19.6)
Other expenses	127,767	—	127,767	151,252	—	151,252	(23,485)	(15.5)
Total Expenses	367,929	34,384	402,313	408,918	83,788	492,706	(90,393)	(18.3)
<b>Other Income:</b>								
Net interest expense	—	(13,740)	(13,740)	—	(9,274)	(9,274)	(4,466)	48.2
Net gains from investment activities	—	114,199	114,199	—	9,062	9,062	105,137	NM
Income (loss) from equity method investments	—	(6,025)	(6,025)	—	18,812	18,812	(24,837)	NM
Other income (loss), net	4,251	(677)	3,574	25,984	9,279	35,263	(31,689)	(89.9)
Total Other Income (Loss)	4,251	93,757	98,008	25,984	27,879	53,863	44,145	82.0
Non-Controlling Interests	(11,684)	—	(11,684)	(12,688)	—	(12,688)	1,004	(7.9)
<b>Economic Income</b>	<b>\$ 247,750</b>	<b>\$ 77,366</b>	<b>\$ 325,116</b>	<b>\$ 439,505</b>	<b>\$ 68,481</b>	<b>\$ 507,986</b>	<b>\$ (182,870)</b>	<b>(36.0)%</b>

- (1) Prior period amounts have been recast to conform to the current presentation. See note 18 to our consolidated financial statements for more detail on the reclassifications within our three segments.
- (2) Included in unrealized carried interest losses from affiliates for the years ended December 31, 2015 and 2014 was a reversal of previously realized carried interest income due to the general partner obligation to return previously distributed carried interest income. See note 15 to our consolidated financial statements for further detail regarding the general partner obligation.

	For the Year Ended December 31, 2014			For the Year Ended December 31, 2013			Total Change	Percentage Change
	Management	Incentive	Total	Management	Incentive	Total		
(in thousands)								
<b>Credit:(1)</b>								
<b>Revenues:</b>								
Advisory and transaction fees from affiliates, net	\$ 255,186	\$ —	\$ 255,186	\$ 114,643	\$ —	\$ 114,643	\$ 140,543	122.6 %
Management fees from affiliates	538,742	—	538,742	392,433	—	392,433	146,309	37.3
Carried interest income from affiliates:								
Unrealized losses(2)	—	(156,644)	(156,644)	—	(56,568)	(56,568)	(100,076)	176.9
Realized gains	41,199	281,034	322,233	36,922	393,338	430,260	(108,027)	(25.1)
Total carried interest income from affiliates	41,199	124,390	165,589	36,922	336,770	373,692	(208,103)	(55.7)
<b>Total Revenues</b>	<b>835,127</b>	<b>124,390</b>	<b>959,517</b>	<b>543,998</b>	<b>336,770</b>	<b>880,768</b>	<b>78,749</b>	<b>8.9</b>
<b>Expenses:</b>								
Compensation and benefits:								
Salary, bonus and benefits	210,546	—	210,546	153,056	—	153,056	57,490	37.6
Equity-based compensation	47,120	—	47,120	24,167	—	24,167	22,953	95.0
Profit sharing expense	—	83,788	83,788	—	81,279	81,279	2,509	3.1
Total compensation and benefits	257,666	83,788	341,454	177,223	81,279	258,502	82,952	32.1
Other expenses	151,252	—	151,252	147,525	—	147,525	3,727	2.5
<b>Total Expenses</b>	<b>408,918</b>	<b>83,788</b>	<b>492,706</b>	<b>324,748</b>	<b>81,279</b>	<b>406,027</b>	<b>86,679</b>	<b>21.3</b>
<b>Other Income:</b>								
Net interest expense	—	(9,274)	(9,274)	—	(9,686)	(9,686)	412	(4.3)
Net gains (losses) from investment activities	—	9,062	9,062	—	(12,593)	(12,593)	21,655	NM
Income from equity method investments	—	18,812	18,812	—	30,678	30,678	(11,866)	(38.7)
Other income (loss), net	25,984	9,279	35,263	23,685	8,508	32,193	3,070	9.5
Total Other Income	25,984	27,879	53,863	23,685	16,907	40,592	13,271	32.7
Non-Controlling Interests	(12,688)	—	(12,688)	(13,985)	—	(13,985)	1,297	(9.3)
<b>Economic Income</b>	<b>\$ 439,505</b>	<b>\$ 68,481</b>	<b>\$ 507,986</b>	<b>\$ 228,950</b>	<b>\$ 272,398</b>	<b>\$ 501,348</b>	<b>\$ 6,638</b>	<b>1.3 %</b>

- (1) Prior period amounts have been recast to conform to the current presentation. See note 18 to our consolidated financial statements for more detail on the reclassifications within our three segments.
- (2) Included in unrealized carried interest losses from affiliates for the years ended December 31, 2015 and 2013 was a reversal of previously realized carried interest income due to the general partner obligation to return previously distributed carried interest income. See note 15 to our consolidated financial statements for further detail regarding the general partner obligation.

## Revenues

### Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Advisory and transaction fees from affiliates, net, decreased by \$237.9 million during the year ended December 31, 2015 as compared to the year ended December 31, 2014. The decrease was primarily driven by a decrease in monitoring fees from Athene of \$224.5 million as a result of the termination of the Athene Services Agreement (as described in note 15 to the consolidated financial statements) as of December 31, 2014.

Management fees from affiliates increased by \$26.5 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to increases in management fees earned with respect to COF III and MidCap of \$12.3 million and \$8.7 million, respectively, during the year ended December 31, 2015 as compared to the same period during 2014.

Carried interest income from affiliates decreased by \$107.0 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to a decrease in carried interest income earned from EPF I, EPF II, an SIA and ACLF of \$57.0 million, \$35.8 million, \$30.2 million and \$19.2 million, respectively, partially offset by increased carried interest income earned from FCI II and FCI I of \$26.3 million and \$9.7 million, respectively, during the year ended December 31, 2015 as compared to the same period in 2014.

The decrease in carried interest income from EPF I was attributable to the non-recurrence of appreciation of investments in the consumer finance sector during the year ended December 31, 2015. Carried interest income from EPF II decreased as a result of market value declines in the fund's investments in the financial and shipping sectors during the year ended December 31, 2015. Carried interest income from one of the SIAs the Company manages and ACLF decreased during the year ended December 31, 2015 compared to the same period in 2014 primarily due to market value declines in energy and natural resources. These

decreases were offset by an increase in carried interest income from FCI II and FCII during the year ended December 31, 2015 as compared to the year ended December 31, 2014. The portfolios of FCI II and FCII had unrealized market value increases in their life settlements investments, as a result of an increase in the value of the fund's investments based on observed market transactions. During the year ended December 31, 2014, FCI II was early in its life, and had sizable purchases during the year ended December 31, 2015, therefore similar appreciation did not occur.

*Year Ended December 31, 2014 Compared to Year Ended December 31, 2013*

Advisory and transaction fees from affiliates, net, increased by \$140.5 million during the year ended December 31, 2014 as compared to the year ended December 31, 2013. The increase was primarily driven by an increase in monitoring fees from Athene of \$118.5 million as a result of Athene's acquisition of Aviva USA and an increase in net transaction fees with respect to EPF II and FCI II during the year ended December 31, 2014 compared to the same period in 2013.

Management fees from affiliates increased by \$146.3 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to increases in management fees earned from Athene (as a result of Athene's acquisition of Aviva USA) and AINV of \$126.1 million and \$8.4 million, respectively, during the year ended December 31, 2014 compared to the same period in 2013.

Carried interest income from affiliates decreased by \$208.1 million during the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to a decrease in carried interest income earned from COF I and COF II, certain sub-advisory arrangements, an SIA, EPF I, certain CLOs, Apollo Offshore Credit Fund, ACLF and AIE II of \$57.7 million, \$42.3 million, \$38.8 million, \$25.7 million, \$20.6 million, \$18.0 million, \$12.6 million and \$11.3 million, respectively. These decreases in carried interest income were partially offset by increased carried interest income earned from EPF II of \$59.4 million during the year ended December 31, 2014 as compared to the year ended December 31, 2013.

The decrease in COF I and COF II was attributable to significant gains in positions that did not recur in 2014. In addition, the funds increased distributions to investors which decreased the asset base resulting in decreased income on a steady basis through 2014. Sub-advisory arrangements had less appreciation in 2014 as compared to 2013. Returns of an SIA were positive in 2014 but were decreased compared to 2013 due to unrealized losses related to energy positions in the second half of 2014. The decrease in EPF I was driven by foreign exchange losses as a result of the decline of the Euro against the US dollar. Decreased carried interest income in certain CLOs resulted from decreased market value gains and interest in 2014 compared to 2013. Apollo Offshore Credit Fund's returns were positive in 2014 but did not exceed the preferred return for the majority of its investors due to decreased interest income as compared to 2013. The decrease was also attributable to unrealized market value gains in 2013 compared to losses in 2014. ACLF had decreased carried interest related to unrealized losses in energy positions in the second half of 2014. AIE II's carried interest and returns experienced smaller gains in 2014 compared to 2013 as a result of significant realizations during 2013 that did not recur during 2014.

*Expenses*

*Year Ended December 31, 2015 Compared to Year Ended December 31, 2014*

Compensation and benefits expense decreased by \$66.9 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily due to decreases in profit sharing expense and equity-based compensation of \$49.4 million and \$20.4 million, respectively, during the year ended December 31, 2015 as compared to the year ended December 31, 2014. Profit sharing expense decreased as a result of a corresponding decrease in carried interest income as described above. In any year the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating carried interest in the period. Equity-based compensation was higher during the year ended December 31, 2014 as compared to the same period in 2015 as a result of a non-cash expense of \$23.2 million in connection with the departure of an executive officer during the year ended December 31, 2014.

Included in profit sharing expense is \$15.2 million and \$6.3 million related to the Incentive Pool for the years ended December 31, 2015 and 2014, respectively. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular quarter.

Other expenses decreased by \$23.5 million during the year ended December 31, 2015, as compared to the year ended December 31, 2014. The change was primarily driven by a decrease in professional fees of \$7.7 million primarily attributable to lower consulting fees, a decrease in placement fees with respect to COF III of \$6.3 million and a decrease in general, administrative and other expense of \$7.5 million primarily attributable to lower technology expenses during the year ended December 31, 2015 compared to the same period in 2014.

*Year Ended December 31, 2014 Compared to Year Ended December 31, 2013*

Compensation and benefits expense increased by \$83.0 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily due to an increase in salary, bonus and benefits of \$57.5 million due to increased headcount and an increase in equity-based compensation of \$23.0 million. The increase in equity-based compensation was driven by non-cash expense of \$23.2 million related to equity-based compensation in connection with the departure of an executive officer during the year ended December 31, 2014 as compared to the same period in 2013. Within our credit segment, the Company is seeking to further align total compensation for investment professionals with the profitability of the credit business as a whole rather than on a fund-by-fund basis. As a result, the Company incurred approximately \$22.0 million of additional profit sharing expense at the inception of the compensation plan during 2014.

Included within profit sharing expense is the Incentive Pool, which resulted in additional profit sharing expense of \$6.3 million and \$16.3 million for the years ended December 31, 2014 and 2013, respectively. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular quarter.

***Other Income***

*Year Ended December 31, 2015 Compared to Year Ended December 31, 2014*

Net gains from investment activities increased by \$105.1 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to an increase in unrealized gains on the Company's investment in Athene of \$100.1 million during the year ended December 31, 2015 compared to the same period in 2014.

Income from equity method investments decreased by \$24.8 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was driven by decreases in the values of investments in certain of our credit funds, primarily from Apollo's ownership interests in AINV, certain SIAs, EPF I, and EPF II of \$9.3 million, \$3.8 million, \$3.4 million and \$1.5 million, respectively, during the year ended December 31, 2015 as compared to the same period in 2014. The change was also driven by a decrease in the value of our investment in Apollo Energy Opportunity Fund, L.P. ("AEOF"), a fund which launched during 2015, of \$2.0 million.

Other income decreased by \$31.7 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily due to a gain of \$17.3 million resulting from the reduction of the tax receivable agreement liability during the year ended December 31, 2014 that did not recur in 2015 and a \$12.4 million unrealized gain on Athene-related derivative contracts during the year ended December 31, 2014 that did not recur in 2015 as a result of settlement of these derivative contracts during 2014.

*Year Ended December 31, 2014 Compared to Year Ended December 31, 2013*

Net gains from investment activities of \$9.1 million increased by \$21.7 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013 as a result of appreciation in the Company's investment in HFA during the year ended December 31, 2014 prior to the sale of the investment in HFA (see note 4 to the consolidated financial statements.)

Income from equity method investments decreased by \$11.9 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was driven by decreases in the fair values of investments held by certain of our credit funds, primarily COF I, EPF I, AIE II, COF III and Apollo Palmetto Strategic Partnership, L.P. which resulted in decreases in income from equity method investments of \$6.1 million, \$2.2 million, \$1.8 million, \$1.6 million and \$1.1 million, respectively, during the year ended December 31, 2014 as compared to the same period in 2013.

Other income increased by \$3.1 million during the year ended December 31, 2014, as compared to the year ended December 31, 2013, mainly due to a gain from the reduction of the tax receivable agreement liability during the year ended December 31, 2014 resulting from changes in projected income estimates and estimated tax rates (see note 15 to our consolidated financial statements).

## Real Estate

The following tables set forth our segment statement of operations information and EI for the “management” and “incentive” businesses within our real estate segment for the years ended December 31, 2015, 2014 and 2013, respectively.

	For the Year Ended December 31, 2015			For the Year Ended December 31, 2014			Total Change	Percentage Change
	Management	Incentive	Total	Management	Incentive	Total		
(in thousands)								
<b>Real Estate:(1)</b>								
<b>Revenues:</b>								
Advisory and transaction fees from affiliates, net	\$ 4,425	\$ —	\$ 4,425	\$ 2,655	\$ —	\$ 2,655	\$ 1,770	66.7 %
Management fees from affiliates	50,816	—	50,816	47,213	—	47,213	3,603	7.6 %
Carried interest income from affiliates:								
Unrealized gains	—	7,154	7,154	—	4,951	4,951	2,203	44.5 %
Realized gains	—	5,857	5,857	—	3,998	3,998	1,859	46.5 %
Total carried interest income from affiliates	—	13,011	13,011	—	8,949	8,949	4,062	45.4 %
<b>Total Revenues</b>	<b>55,241</b>	<b>13,011</b>	<b>68,252</b>	<b>49,868</b>	<b>8,949</b>	<b>58,817</b>	<b>9,435</b>	<b>16.0 %</b>
<b>Expenses:</b>								
Compensation and benefits:								
Salary, bonus and benefits	38,076	—	38,076	32,611	—	32,611	5,465	16.8 %
Equity-based compensation	4,177	—	4,177	8,849	—	8,849	(4,672)	(52.8)%
Profit sharing expense	—	5,075	5,075	—	2,747	2,747	2,328	84.7 %
Total compensation and benefits	42,253	5,075	47,328	41,460	2,747	44,207	3,121	7.1 %
Other expenses	22,869	—	22,869	21,669	—	21,669	1,200	5.5 %
<b>Total Expenses</b>	<b>65,122</b>	<b>5,075</b>	<b>70,197</b>	<b>63,129</b>	<b>2,747</b>	<b>65,876</b>	<b>4,321</b>	<b>6.6 %</b>
<b>Other Income:</b>								
Net interest expense	—	(2,915)	(2,915)	—	(1,941)	(1,941)	(974)	50.2 %
Income from equity method investments	—	2,978	2,978	—	5,675	5,675	(2,697)	(47.5)%
Other income, net	1,455	—	1,455	3,409	—	3,409	(1,954)	(57.3)%
Total Other Income	1,455	63	1,518	3,409	3,734	7,143	(5,625)	(78.7)%
<b>Economic Income (Loss)</b>	<b>\$ (8,426)</b>	<b>\$ 7,999</b>	<b>\$ (427)</b>	<b>\$ (9,852)</b>	<b>\$ 9,936</b>	<b>\$ 84</b>	<b>\$ (511)</b>	<b>NM</b>

- (1) Prior period amounts have been recast to conform to the current presentation. See note 18 to our consolidated financial statements for more detail on the reclassifications within our three segments.

	For the Year Ended December 31, 2014			For the Year Ended December 31, 2013			Total Change	Percentage Change
	Management	Incentive	Total	Management	Incentive	Total		
(in thousands)								
<b>Real Estate:(1)</b>								
<b>Revenues:</b>								
Advisory and transaction fees from affiliates, net	\$ 2,655	\$ —	\$ 2,655	\$ 3,548	\$ —	\$ 3,548	\$ (893)	(25.2)%
Management fees from affiliates	47,213	—	47,213	53,436	—	53,436	(6,223)	(11.6)
Carried interest income from affiliates:								
Unrealized gains	—	4,951	4,951	—	4,681	4,681	270	5.8
Realized gains	—	3,998	3,998	—	541	541	3,457	639.0
Total carried interest income from affiliates	—	8,949	8,949	—	5,222	5,222	3,727	71.4
<b>Total Revenues</b>	<b>49,868</b>	<b>8,949</b>	<b>58,817</b>	<b>56,984</b>	<b>5,222</b>	<b>62,206</b>	<b>(3,389)</b>	<b>(5.4)</b>
<b>Expenses:</b>								
Compensation and benefits:								
Salary, bonus and benefits	32,611	—	32,611	31,936	—	31,936	675	2.1
Equity-based compensation	8,849	—	8,849	10,207	—	10,207	(1,358)	(13.3)
Profit sharing expense	—	2,747	2,747	—	123	123	2,624	2,133.3
Total compensation and benefits	41,460	2,747	44,207	42,143	123	42,266	1,941	4.6
Other expenses	21,669	—	21,669	24,528	—	24,528	(2,859)	(11.7)
<b>Total Expenses</b>	<b>63,129</b>	<b>2,747</b>	<b>65,876</b>	<b>66,671</b>	<b>123</b>	<b>66,794</b>	<b>(918)</b>	<b>(1.4)</b>
<b>Other Income:</b>								
Net interest expense	—	(1,941)	(1,941)	—	(2,804)	(2,804)	863	(30.8)
Income from equity method investments	—	5,675	5,675	—	3,722	3,722	1,953	52.5
Other income, net	3,409	—	3,409	2,115	—	2,115	1,294	61.2



Total Other Income	3,409	3,734	7,143	2,115	918	3,033	4,110	135.5
<b>Economic Income (Loss)</b>	<b>\$ (9,852)</b>	<b>\$ 9,936</b>	<b>\$ 84</b>	<b>\$ (7,572)</b>	<b>\$ 6,017</b>	<b>\$ (1,555)</b>	<b>\$ 1,639</b>	<b>NM</b>

- (1) Prior period amounts have been recast to conform to the current presentation. See note 18 to our consolidated financial statements for more detail on the reclassifications within our three segments.

## **Revenues**

### *Year Ended December 31, 2015 Compared to Year Ended December 31, 2014*

Advisory and transaction fees from affiliates, net, increased by \$1.8 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to an increase in net advisory and transaction fees earned with respect to AGRE Debt Fund I of \$1.5 million.

Management fees from affiliates increased by \$3.6 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to increases in management fees earned with respect to ARI, a China-based investment fund we manage as a result of the Venator acquisition and U.S. RE Fund II of \$4.5 million, \$2.6 million and \$1.7 million, respectively, which were partially offset by a decrease in management fees earned related to our CPI funds of \$6.1 million.

Carried interest income from affiliates increased by \$4.1 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to an increase in carried interest income earned from our CPI funds in Europe and U.S. RE Fund I of \$5.5 million and \$0.9 million, respectively, partially offset by a decrease related to London Prime Apartments Guemsey Holdings Limited (“London Prime Apartments”) of \$2.3 million. The increase in carried interest income in U.S. RE Fund I was a result of improved performance across many of the fund’s underlying investments and higher global real estate values during the year ended December 31, 2015 as compared to the same period in 2014. The increase in carried interest income from our CPI funds in Europe was attributable to an increase in the value of a publicly traded security sold subsequent to December 31, 2014. The decrease in carried interest income in London Prime Apartments was a result of an increase in the values of the underlying properties as compared to the same period in 2014.

### *Year Ended December 31, 2014 Compared to Year Ended December 31, 2013*

Advisory and transaction fees from affiliates, net, decreased by \$0.9 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was attributable to a decrease in capital raised and invested and the realization of underlying investments for which transaction fees and exit fees, respectively, were earned during the year ended December 31, 2013.

Management fees decreased by \$6.2 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. The decrease in management fees was primarily due to decreased management fees from the CPI Funds for the year ended December 31, 2014 as compared to the year ended December 31, 2013.

Carried interest income from affiliates increased by \$3.7 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to an increase in carried interest income earned from our CPI funds in Europe and U.S. RE Fund I of \$2.9 million and \$2.8 million, respectively, partially offset by a decrease in carried interest income earned from our CPI funds in North America of \$1.4 million. The increase in carried interest income from our CPI funds in Europe was attributable to a smaller decline in the value of a publicly marked security in the funds’ portfolios during the year ended December 31, 2014 as compared to 2013. The increase in carried interest income for U.S. RE Fund I was primarily driven by improved performance across many of the fund’s underlying investments and higher real estate values. The decrease in carried interest income earned from our CPI funds in North America was primarily the result of a non-recurring transaction that occurred in 2013.

## **Expenses**

### *Year Ended December 31, 2015 Compared to Year Ended December 31, 2014*

Compensation and benefits increased by \$3.1 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily attributable to an increase in salary, bonus and benefits of \$5.5 million as a result of a higher headcount in 2015, and an increase in profit sharing expense of \$2.3 million due to a corresponding increase in carried interest income earned during the year ended December 31, 2015 as discussed above. These increases were offset by a decrease in equity-based compensation of \$4.7 million during the year ended December 31, 2015 as compared to the year ended December 31, 2014.

Other expenses increased by \$1.2 million during the year ended December 31, 2015 as compared to the year ended December 31, 2014, primarily attributable to an increase in legal fees of \$1.1 million.

### *Year Ended December 31, 2014 Compared to Year Ended December 31, 2013*

Compensation and benefits increased by \$1.9 million during the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was primarily attributable to an increase of \$2.6 million in profit sharing expense, driven by an increase in carried interest income earned from our real estate funds, and a decrease in equity-based compensation of \$1.4 million during the year ended December 31, 2014 as compared to the year ended December 31, 2013.

Other expenses decreased by \$2.9 million during the year ended December 31, 2014 as compared to the year ended December 31, 2013, primarily attributable to decreased legal fees and organizational expenses, offset by higher consulting fees and technology expenses.

## **Other Income**

### *Year Ended December 31, 2015 Compared to Year Ended December 31, 2014*

Income from equity method investments decreased by \$2.7 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This decrease is primarily attributable to a \$2.7 million decrease in the income from Apollo's ownership interest in ARI during the year ended December 31, 2015.

Other income decreased by \$2.0 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This change was primarily due to a gain of \$3.1 million resulting from the reduction of the tax receivable agreement liability during the year ended December 31, 2014 that did not recur in 2015.

### *Year Ended December 31, 2014 Compared to Year Ended December 31, 2013*

Other income increased by \$4.1 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This change was driven by an increase in income from equity method investments of \$2.0 million due to an increase in the fair values of our real estate investments held, primarily from Apollo's ownership interest in ARI, and an increase in other income, net primarily due to a gain resulting from the reduction of the tax receivable agreement liability during the year ended December 31, 2014 as a result of a change in projected income estimates and estimated tax rates (see note 15 to our consolidated financial statements).

**Summary Combined Results**

The following table combines our management and incentive businesses' statements of operations information and EI for the years ended December 31, 2015, 2014 and 2013, respectively.

	<b>For the Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	(in thousands)		
<b>Management Business:</b>			
Advisory and transaction fees from affiliates, net	\$ 14,186	\$ 316,082	\$ 196,562
Management fees from affiliates	911,893	901,024	730,702
Carried interest income from affiliates	40,625	41,199	36,922
<b>Total Management Business Revenues</b>	<b>966,704</b>	<b>1,258,305</b>	<b>964,186</b>
Salary, bonus and benefits	355,922	339,846	294,753
Equity-based compensation	62,184	105,495	66,341
Other expenses	230,745	243,207	272,949
<b>Total Management Business Expenses</b>	<b>648,851</b>	<b>688,548</b>	<b>634,043</b>
Other income, net	7,694	41,803	37,879
Non-Controlling Interests	(11,684)	(12,688)	(13,985)
<b>Management Business Economic Income</b>	<b>\$ 313,863</b>	<b>\$ 598,872</b>	<b>\$ 354,037</b>
<b>Incentive Business:</b>			
Carried interest income (loss) from affiliates:			
Unrealized gains (losses) <sup>(1)</sup>	\$ (387,541)	\$ (1,347,786)	\$ 402,835
Realized gains	444,206	1,713,108	2,456,404
<b>Total Carried Interest Income</b>	<b>56,665</b>	<b>365,322</b>	<b>2,859,239</b>
Profit sharing expense:			
Unrealized profit sharing expense	(136,653)	(517,308)	133,850
Realized profit sharing expense	222,684	782,216	977,956
<b>Total Profit Sharing Expense</b>	<b>86,031</b>	<b>264,908</b>	<b>1,111,806</b>
<b>Other Income:</b>			
Net interest expense	(26,533)	(19,098)	(23,191)
Other income, net	483	10,896	10,203
Net gains (losses) from investment activities	121,132	9,062	(12,593)
Income from equity method investments	16,078	54,905	113,211
<b>Total Other Income</b>	<b>111,160</b>	<b>55,765</b>	<b>87,630</b>
<b>Incentive Business Economic Income</b>	<b>\$ 81,794</b>	<b>\$ 156,179</b>	<b>\$ 1,835,063</b>
<b>Economic Income</b>	<b>395,657</b>	<b>755,051</b>	<b>2,189,100</b>
Income tax provision on Economic Income	(10,518)	(185,587)	(173,679)
<b>Economic Net Income</b>	<b>\$ 385,139</b>	<b>\$ 569,464</b>	<b>\$ 2,015,421</b>

(1) Included in unrealized carried interest losses from affiliates for the year ended December 31, 2015 was a reversal of previously realized carried interest income due to the general partner obligation to return previously distributed carried interest income. See note 18 to our consolidated financial statements for further detail regarding the general partner obligation.

**Summary of Distributable Earnings**

The following table is a summary of DE for the years ended December 31, 2015, 2014 and 2013.

	<b>For the Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	(in thousands)		
<b>Management Business Economic Income</b>	\$ 313,863	\$ 598,872	\$ 354,037
Less: Non-cash revenues <sup>(1)</sup>	(5,311)	(260,513)	(123,170)
Add back: Equity-based compensation	62,184	105,495	66,341
Add back: Depreciation, amortization and other	56,476	10,182	11,046
<b>Management Business Distributable Earnings</b>	<u>\$ 427,212</u>	<u>\$ 454,036</u>	<u>\$ 308,254</u>
<b>Incentive Business Economic Income</b>	\$ 81,794	\$ 156,179	\$ 1,835,063
Less: Non-cash carried interest income <sup>(2)</sup>	(29,900)	—	—
Add back: Net unrealized carried interest loss	250,888	830,478	(268,985)
Less: Unrealized investment and other (income) loss <sup>(3)</sup>	(107,173)	(10,913)	(3,207)
<b>Incentive Business Distributable Earnings</b>	<u>\$ 195,609</u>	<u>\$ 975,744</u>	<u>\$ 1,562,871</u>
<b>Distributable Earnings</b>	\$ 622,821	\$ 1,429,780	\$ 1,871,125
Taxes and related payables <sup>(4)</sup>	(9,715)	(73,565)	(41,151)
<b>Distributable Earnings After Taxes and Related Payables</b>	<u>\$ 613,106</u>	<u>\$ 1,356,215</u>	<u>\$ 1,829,974</u>

- (1) Includes monitoring fees paid by Athene to Apollo by delivery of common shares of Athene Holding and gains resulting from reductions of the tax receivable agreement liability due to changes in projected income estimates and estimated tax rates.
- (2) Represents realized carried interest income settled by receipt of securities.
- (3) Represents unrealized gains from our general partner investments in our funds and other investments.
- (4) Represents the estimated current corporate, local and non-U.S. taxes as well as the payable under Apollo's tax receivable agreement.

The following table is a reconciliation of Distributable Earnings per share of common and equivalents<sup>(1)</sup> to net distribution per share of common and equivalent for the years ended December 31, 2015, 2014 and 2013.

	<b>For the Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	(in thousands, except per share data)		
Distributable Earnings After Taxes and Related Payables	\$ 613,106	\$ 1,356,215	\$ 1,829,974
Add back: Tax and related payables attributable to common and equivalents	12	66,429	32,192
Distributable Earnings before certain payables <sup>(2)</sup>	613,118	1,422,644	1,862,166
Percent to common and equivalents	47%	45%	42%
Distributable Earnings before other payables attributable to common and equivalents	290,420	633,380	784,268
Less: Tax and related payables attributable to common and equivalents	(12)	(66,429)	(32,192)
Distributable Earnings attributable to common and equivalents	<u>\$ 290,408</u>	<u>\$ 566,951</u>	<u>\$ 752,076</u>
Distributable Earnings per share of common and equivalent <sup>(3)</sup>	\$ 1.50	\$ 3.13	\$ 4.49
Retained capital per share of common and equivalent <sup>(3)(4)</sup>	(0.12)	(0.24)	(0.51)
Net distribution per share of common and equivalent <sup>(3)</sup>	<u>\$ 1.38</u>	<u>\$ 2.89</u>	<u>\$ 3.98</u>

- (1) Common and equivalents refers to Class A shares outstanding and RSUs that participate in distributions.
- (2) Distributable earnings before certain payables represents Distributable Earnings before the deduction for the estimated current corporate taxes and the payable under Apollo's tax receivable agreement.
- (3) Per share calculations are based on end of period total Class A shares outstanding and RSUs that participate in distributions.

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(4) Retained capital is withheld pro-rata from common and equivalent holders and AOG unitholders.

**Summary of Non-U.S. GAAP Measures**

The table below sets forth a reconciliation of our non-U.S. GAAP performance measures to net income attributable to Apollo Global Management, LLC for the years ended December 31, 2015, 2014 and 2013:

	For the Year Ended December 31,		
	2015	2014	2013
<b>Net Income Attributable to Apollo Global Management, LLC</b>	<b>\$ 134,497</b>	<b>\$ 168,229</b>	<b>\$ 659,391</b>
Net income attributable to Non-Controlling Interests in consolidated entities and Appropriated Partners' Capital	21,364	157,011	456,953
Net income attributable to Non-Controlling Interests in the Apollo Operating Group	194,634	404,682	1,257,650
<b>Net Income</b>	<b>\$ 350,495</b>	<b>\$ 729,922</b>	<b>\$ 2,373,994</b>
Income tax provision	26,733	147,245	107,569
<b>Income Before Income Tax Provision</b>	<b>\$ 377,228</b>	<b>\$ 877,167</b>	<b>\$ 2,481,563</b>
Transaction-related charges and equity-based compensation	39,793	34,895	164,490
Net income attributable to Non-Controlling Interests in consolidated entities	(21,364)	(157,011)	(456,953)
<b>Economic Income</b>	<b>\$ 395,657</b>	<b>\$ 755,051</b>	<b>\$ 2,189,100</b>
Income tax provision on Economic Income	(10,518)	(185,587)	(173,679)
<b>Economic Net Income</b>	<b>\$ 385,139</b>	<b>\$ 569,464</b>	<b>\$ 2,015,421</b>
Income tax provision on Economic Income	10,518	185,587	173,679
Carried interest loss from affiliates	(56,665)	(365,322)	(2,859,239)
Profit sharing expense	86,031	264,908	1,111,806
Other income	(111,160)	(55,765)	(87,630)
Equity-based compensation <sup>(1)</sup>	62,184	105,495	66,341
Depreciation and amortization <sup>(2)</sup>	11,476	10,182	11,046
<b>Fee-Related EBITDA</b>	<b>\$ 387,523</b>	<b>\$ 714,549</b>	<b>\$ 431,424</b>
Net realized carried interest income	221,522	930,892	1,478,448
<b>Fee-Related EBITDA + 100% of Net Realized Carried Interest</b>	<b>\$ 609,045</b>	<b>\$ 1,645,441</b>	<b>\$ 1,909,872</b>
Realized investment and other income	3,987	44,852	84,423
Non-cash revenues	(35,211)	(260,513)	(123,170)
Other <sup>(3)</sup>	45,000	—	—
<b>Distributable Earnings</b>	<b>\$ 622,821</b>	<b>\$ 1,429,780</b>	<b>\$ 1,871,125</b>
Taxes and related payables	(9,715)	(73,565)	(41,151)
<b>Distributable Earnings After Taxes and Related Payables</b>	<b>\$ 613,106</b>	<b>\$ 1,356,215</b>	<b>\$ 1,829,974</b>

(1) Includes RSUs (excluding RSUs granted in connection with the 2007 private placement) and share options. Excludes equity-based compensation expense comprising amortization of AOG Units.

(2) Includes amortization of leasehold improvements.

(3) Includes a reserve of \$45 million accrued during the year ended December 31, 2015 in connection with an ongoing SEC regulatory matter principally concerning the acceleration of fees from fund portfolio companies. See note 16 to our consolidated financial statements for further detail regarding the ongoing SEC regulatory matter.

**Liquidity and Capital Resources****Historical**

Although we have managed our historical liquidity needs by looking at deconsolidated cash flows, our historical consolidated statements of cash flows reflects the cash flows of Apollo, as well as those of the consolidated Apollo funds.

The primary cash flow activities of Apollo are:

- Generating cash flow from operations;
- Making investments in Apollo funds;
- Meeting financing needs through credit agreements; and
- Distributing cash flow to equity holders and Non-Controlling Interests.

Primary cash flow activities of the consolidated Apollo funds and VIEs are:

- Raising capital from their investors, which have been reflected historically as Non-Controlling Interests of the consolidated subsidiaries in our financial statements;
- Using capital to make investments;
- Generating cash flow from operations through distributions, interest and the realization of investments;
- Distributing cash flow to investors; and
- Issuing debt to finance investments (CLOs)

While primarily met by cash flows generated through fee income and carried interest income received, working capital needs have also been met (to a limited extent) through borrowings as described in note 12 to the consolidated financial statements.

We determine whether to make capital commitments to our funds in excess of our minimum required amounts based on a variety of factors, including estimates regarding our liquidity resources over the estimated time period during which commitments will have to be funded, estimates regarding the amounts of capital that may be appropriate for other funds that we are in the process of raising or are considering raising, and our general working capital requirements.

**Cash Flows**

Significant amounts from our consolidated statements of cash flows for the years ended December 31, 2015, 2014 and 2013 are summarized and discussed within the table and corresponding commentary below:

	<b>For the Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	(in thousands)		
Operating Activities	\$ 582,673	\$ (372,917)	\$ 1,134,458
Investing Activities	(202,936)	13,432	2,651
Financing Activities	(968,078)	485,611	(1,005,023)
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (588,341)	\$ 126,126	\$ 132,086

**Operating Activities**

Our net cash provided by (used in) operating activities was \$582.7 million, \$(372.9) million and \$1.1 billion during the years ended December 31, 2015, 2014 and 2013, respectively. These amounts were primarily driven by:

- net income of \$350.5 million, \$729.9 million and \$2.4 billion during the years ended December 31, 2015, 2014 and 2013, respectively, as well as non-cash adjustments of \$12.0 million, \$214.0 million and \$269.9 million, respectively;
- net decrease (increase) in our carried interest receivable of \$303.3 million, \$1.4 billion and (\$408.8) million during the years ended December 31, 2015, 2014 and 2013, respectively, due to a change in the fair value of our funds that



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generate carried interest of \$181.5 million, \$397.4 million and \$2.8 billion during the years ended December 31, 2015, 2014 and 2013, respectively, offset by fund distributions to the Company (net of non-cash settlements) of \$485.0 million, \$1.8 billion and \$2.4 billion during the years ended December 31, 2015, 2014 and 2013, respectively;

- purchases of investments held by consolidated VIEs in the amount of \$521.2 million, \$10.3 billion and \$9.8 billion, offset by proceeds from sales of investments held by consolidated VIEs in the amount of \$409.2 million, \$8.5 billion and \$8.4 billion during the years ended December 31, 2015, 2014 and 2013, respectively; and
- net (decrease) increase in our profit sharing payable of (\$122.6) million, (\$518.0) million and \$141.2 million during the years ended December 31, 2015, 2014 and 2013, respectively, due to profit sharing expense (inclusive of the return of profit sharing distributions from employees, former employees and Contributing Partners that would be due if certain funds were liquidated) of \$100.1 million, \$276.2 million and \$1.2 billion during the years ended December 31, 2015, 2014 and 2013, respectively, offset by payments of \$239.2 million, \$833.6 million and \$1.0 billion during the years ended December 31, 2015, 2014 and 2013, respectively.

### *Investing Activities*

Our net cash (used in) provided by investing activities was \$(202.9) million, \$13.4 million and \$2.7 million during the years ended December 31, 2015, 2014 and 2013, respectively. These amounts were primarily driven by:

- net cash contributions from our equity method investments of \$172.8 million and \$33.6 million during the years ended December 31, 2015, and 2014, respectively, and net cash distributions of \$8.8 million in 2013
- proceeds from sales of investments (net of purchases of investments) in the amount of \$50.0 million during the year ended December 31, 2014, respectively; and
- loans made to Apollo employees in the amount of \$25.0 million during the year ended December 31, 2015.

### *Financing Activities*

Our net cash (used in) provided by financing activities was (\$968.1) million, \$485.6 million and (\$1.0) billion during the years ended December 31, 2015, 2014 and 2013, respectively. These amounts were primarily driven by:

- issuance of debt (net of debt issuance costs and repayments of principal) in the amount of \$278.5 million and \$4.4 million for the years ended December 31, 2014 and 2013, respectively;
- payments made towards the satisfaction of our tax receivable agreement liability of \$48.4 million, \$32.0 million and \$30.4 million during the years ended December 31, 2015, 2014 and 2013, respectively (see note 15 for further discussion of the tax receivable agreement liability);
- cash distributions of \$78.9 million and \$85.9 million related to deliveries of Class A shares for RSUs for the years ended December 31, 2015 and 2013, respectively;
- cash distributions paid to our Class A shareholders of \$354.4 million, \$506.0 million and \$584.5 million during the years ended December 31, 2015, 2014 and 2013, respectively;
- cash distributions paid to the Non-Controlling Interest holders in the Apollo Operating Group of \$453.3 million, \$816.4 million and \$975.5 million during the years ended December 31, 2015, 2014 and 2013, respectively;
- issuance of debt (net of repayments of principal) held by consolidated VIEs in the amount of \$1.9 billion and \$529.0 million during the years ended December 31, 2014 and 2013, respectively; and
- net cash (distributions paid by) contributions to our consolidated funds and VIEs of (\$3.4) million, (\$263.8) million and \$207.3 million during the years ended December 31, 2015, 2014 and 2013, respectively.

### *Distributions*

In addition to other distributions such as payments pursuant to the tax receivable agreement, see note 15 to the consolidated financial statements for information regarding the quarterly distributions which were made at the sole discretion of the Company's manager during 2015, 2014 and 2013.

### *Future Cash Flows*

Our ability to execute our business strategy, particularly our ability to increase our AUM, depends on our ability to establish new funds and to raise additional investor capital within such funds. Our liquidity will depend on a number of factors, such as our ability to project our financial performance, which is highly dependent on our funds and our ability to manage our projected costs, fund performance, our access to credit facilities, our being in compliance with existing credit agreements, as well as industry and market trends. Also during economic downturns the funds we manage might experience cash flow issues or liquidate entirely. In these situations we might be asked to reduce or eliminate the management fee and incentive fees we charge, which could adversely impact our cash flow in the future.

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An increase in the fair value of our funds' investments, by contrast, could favorably impact our liquidity through higher management fees where the management fees are calculated based on the net asset value, gross assets and adjusted assets. Additionally, higher carried interest income not yet realized would generally result when investments appreciate over their cost basis which would not have an impact on the Company's cash flow.

As of December 31, 2015, Fund VII's and Fund VI's remaining investments and escrow cash were valued at 106% and 95% of the fund's unreturned capital, respectively, which was below the required escrow ratio of 115%. As a result, these funds are required to place in escrow current and future carried interest income distributions to the general partner until the specified return ratio of 115% is met (at the time of a future distribution) or upon liquidation.

On April 20, 2010, the Company announced that it entered into a strategic relationship agreement with CalPERS. The strategic relationship agreement provides that Apollo will reduce fees charged to CalPERS on funds it manages, or in the future will manage, solely for CalPERS by \$125 million over a five-year period or as close a period as required to provide CalPERS with that benefit. The agreement further provides that Apollo will not use a placement agent in connection with securing any future capital commitments from CalPERS. As of December 31, 2015, the Company had reduced fees charged to CalPERS on the funds it manages by approximately \$100.7 million. Based on the Company's current estimates, the reduction of fees will extend until 2017 in order for CalPERS to receive the full benefit of this arrangement.

Although we expect to pay distributions according to our distribution policy, we may not pay distributions according to our policy, or at all, if, among other things, we do not have the cash necessary to pay the intended distributions. To the extent we do not have cash on hand sufficient to pay distributions, we may have to borrow funds to pay distributions, or we may determine not to pay distributions. The declaration, payment and determination of the amount of our quarterly distributions are at the sole discretion of our manager.

On February 3, 2016, the Company announced its adoption of a plan to repurchase up to \$250 million in the aggregate of its common shares, including up to \$150 million in the aggregate of its outstanding common Class A shares through a share repurchase program and up to \$100 million through a reduction of common Class A shares to be issued to employees to satisfy associated tax obligations in connection with the settlement of equity-based awards granted under the Company's equity incentive plan. Under the share repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise, with the size and timing of these repurchases depending on legal requirements, price, market and economic conditions and other factors.

Carried interest income from our funds can be distributed to us on a current basis, but is subject to repayment by the subsidiaries of the Apollo Operating Group that act as general partner of such funds in the event that certain specified return thresholds are not ultimately achieved. The Managing Partners, Contributing Partners and certain other investment professionals have personally guaranteed, to the extent of their ownership interest, subject to certain limitations, the obligations of these subsidiaries in respect of this general partner obligation. Such guarantees are several and not joint and are limited to a particular Managing Partner's or Contributing Partner's distributions. Pursuant to the shareholders agreement dated July 13, 2007, as amended (the "Shareholders Agreement"), we agreed to indemnify each of our Managing Partners and certain Contributing Partners against all amounts that they pay pursuant to any of these personal guarantees in favor of Fund IV, Fund V and Fund VI (including costs and expenses related to investigating the basis for or objecting to any claims made in respect of the guarantees) for all interests that our Managing Partners and Contributing Partners have contributed or sold to the Apollo Operating Group.

Accordingly, in the event that our Managing Partners, Contributing Partners and certain investment professionals are required to pay amounts in connection with a general partner obligation to return previously distributed carried interest income with respect to Fund IV, Fund V and Fund VI, we will be obligated to reimburse our Managing Partners and certain Contributing Partners for the indemnifiable percentage of amounts that they are required to pay even though we did not receive the distribution to which that general partner obligation related.

On November 9, 2015, Apollo announced that it mutually agreed with RCS Capital Corporation ("RCAP") to amend the terms of the previously announced sale of RCAP's wholesale distribution business and certain related entities to Apollo. The amended purchase agreement provided for RCAP to sell its wholesale distribution business, including Realty Capital Securities and Strategic Capital, to Apollo for \$6 million, subject to certain purchase price adjustments. On December 2, 2015, RCAP announced that it had authorized plans to wind down the operations of Realty Capital Securities. On January 4, 2016, RCAP announced its intent to file a voluntary petition for a prearranged Chapter 11 bankruptcy in late January 2016 and on January 31, 2016, RCAP filed such petition. As a result of these developments, the transactions contemplated by the amended purchase agreement with RCAP will not be consummated. Apollo is evaluating its rights with respect to these developments.

On January 14, 2016, the Company issued 529,395 Class A shares in settlement of vested RSUs. This issuance caused the Company's ownership interest in the Apollo Operating Group to increase from 45.6% to 45.7%.

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On February 3, 2016, the Company declared a cash distribution of \$0.28 per Class A share, which will be paid on February 29, 2016 to holders of record on February 19, 2016.

On February 5, 2016, the Company issued 2,745,799 Class A shares in settlement of vested RSUs. This issuance caused the Company's ownership interest in the Apollo Operating Group to increase from 45.7% to 46.0%.

### **Athene**

Athene Holding is the ultimate parent of various insurance company operating subsidiaries. Through its subsidiaries, Athene Holding provides insurance products focused primarily on the retirement market and its business centers primarily on issuing or reinsuring fixed indexed annuities.

Apollo, through its consolidated subsidiary, Athene Asset Management, L.P. ("Athene Asset Management"), provides asset management services to Athene, including asset allocation and portfolio management strategies, and receives fees from Athene for providing such services. As of December 31, 2015, Athene Asset Management managed all of Athene's portfolio assets, except with respect to the assets of Athene Germany, for which a different Apollo affiliate provides investment advisory services. Athene Asset Management had \$59.5 billion of total AUM as of December 31, 2015 in the Athene Accounts, of which approximately \$14.6 billion, or approximately 24.5%, was either sub-advised by Apollo or invested in Apollo funds and investment vehicles. The vast majority of such assets are in sub-advisory managed accounts that manage high grade credit asset classes, such as CLO debt, commercial mortgage backed securities and insurance-linked securities. We expect this percentage to increase over time provided that Athene Asset Management continues to perform successfully in providing asset management services to Athene.

In accordance with the services agreement among AAA, AAA Investments and the other service recipients party thereto and Apollo (the "AAA Services Agreement"), AAA was obligated to pay a fee (the "Unwind Fee") to Apollo if AAA commenced prior to December 31, 2015 a specified tender offer to all its qualified unitholders to purchase all of their equity interests in AAA in exchange for equity interests in a new carry vehicle to be managed by Apollo (the "Wind Up Tender Offer") and thereafter distributed the common shares of Athene Holding held by AAA following the consummation of such Wind-Up Tender Offer (or distributed the proceeds of any disposition of such shares). The obligation for AAA to pay the Unwind Fee terminated if the Wind Up Tender Offer was not commenced on or prior to December 31, 2015. At December 31, 2015, a Wind Up Tender Offer had not commenced. Accordingly, no Unwind Fee was incurred. In addition, pursuant to the AAA limited partnership agreement, AAA was obligated to, no later than promptly following the expiration of an initial lock-up period in respect of the Athene IPO, commence the Wind Up Tender Offer. Pursuant to the AAA limited partnership agreement, the obligation to make the Wind Up Tender Offer terminated if the Unwind Fee was no longer an obligation to Apollo. Accordingly, since the obligation to pay the Unwind Fee did not occur, there is no longer an obligation to make the Wind Up Tender Offer following the Athene IPO, and therefore no such Wind Up Tender Offer will be made to AAA's shareholders.

In connection with the Athene Private Placement, Athene Holding amended its registration rights agreement to provide (i) investors who are party to such agreement, including AAA Investments, the potential opportunity for liquidity on their shares of Athene Holding through sales in registered public offerings over a 15 month period beginning on the date of Athene Holding's initial public offering (the "Athene IPO") and (ii) Athene Holding the right to cause certain investors who are party to the registration rights agreement to include in such offerings a certain percentage of their common shares of Athene Holding subject to the terms and conditions set forth in the agreement. However, pursuant to the registration rights agreement, any shares of Athene Holding held by Apollo will not be subject to such arrangements and instead will be subject to a lock-up period of two years following the effective date of the registration statement relating to the Athene IPO, but Athene Holding will not have the right to cause any shares owned by Apollo to be included in the Athene IPO or any follow-on offering.

As part of its ongoing financial integration of Aviva USA, Athene identified material weaknesses in its internal controls over financial reporting for its U.S. GAAP and statutory financials as of December 31, 2013. A material weakness is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented, or detected and corrected on a timely basis. If Athene fails to maintain effective internal control over financial reporting, it may not be able to accurately report its financial results. While Athene was delayed in releasing financial statements within normal reporting periods over the past year, Athene released full year 2014 GAAP audited consolidated financial statements on September 9, 2015 and consolidated financial statements as of and for the six months ended June 30, 2015 on October 6, 2015, and consolidated financial statements as of and for the nine months ended September 30, 2015 on December 17, 2015. Notwithstanding these remediation efforts and delays in the release of its GAAP financial statements, Athene has continued to meet all regulatory filing deadlines with regard to financial statements prepared in accordance with Statutory Accounting principles and expects to do so for the quarter ended December 31, 2015.

During the year ended December 31, 2015, Apollo changed the valuation method used to value the investment in Athene Holding from the embedded value approach to the GAAP book value multiple approach. This change was driven by developments in Athene's business as discussed in note 6 to the consolidated financial statements.

***Distributions to Managing Partners and Contributing Partners***

The three Managing Partners who became employees of Apollo on July 13, 2007 each receive a \$100,000 base salary. Additionally, our Managing Partners can receive other forms of compensation. Any additional consideration will be paid to them in their proportional ownership interest in Holdings. Additionally, as a result of the tax receivable agreement, 85% of any tax savings APO Corp. recognizes will be paid to the Managing Partners.

Subsequent to the 2007 Reorganization, the Contributing Partners retained ownership interests in subsidiaries of the Apollo Operating Group. Therefore, any distributions that flow up to management or general partner entities in which the Contributing Partners retained ownership interests are shared pro rata with the Contributing Partners who have a direct interest in such entities prior to flowing up to the Apollo Operating Group. These distributions are considered compensation expense.

The Contributing Partners are entitled to receive the following:

- Profit sharing related to private equity carried interest income, from direct ownership of advisory entities. Any changes in fair value of the underlying fund investments would result in changes to Apollo Global Management, LLC's profit sharing payable;
- Additional consideration based on their proportional ownership interest in Holdings; and
- As a result of the tax receivable agreement, 85% of any tax savings APO Corp. recognizes will be paid to the Contributing Partners.

***Potential Future Costs***

We may make grants of RSUs or other equity-based awards to employees and independent directors that we appoint in the future.

**Critical Accounting Policies**

This Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon the consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that could affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates. A summary of our significant accounting policies is presented in note 2 to our consolidated financial statements. The following is a summary of our accounting policies that are affected most by judgments, estimates and assumptions.

***Consolidation***

The types of entities with which Apollo is involved generally include subsidiaries (e.g., general partners and management companies related to the funds the Company manages), entities that have all the attributes of an investment company (e.g., funds) and securitization vehicles (e.g., collateralized loan obligations). Each of these entities is assessed for consolidation on a case by case basis depending on the specific facts and circumstances surrounding that entity.

Pursuant to the new consolidation guidance adopted during the year, effective as of January 1, 2015, the Company first evaluates whether it holds a variable interest in an entity. Fees that are customary and commensurate with the level of services provided, and where the Company doesn't hold other economic interests in the entity that would absorb more than an insignificant amount of the expected losses or returns of the entity, would not be considered a variable interest. Apollo factors in all economic interests including proportionate interests through related parties, to determine if fees are to be considered a variable interest. As Apollo's interests in many of these entities are solely through carried interests, performance fees, and/or insignificant indirect interests through related parties, Apollo is generally not considered to have a variable interest in many of these entities under the new guidance and no further consolidation analysis is performed. Prior to adoption of the new consolidation guidance, fees received by the Company for investment management services (e.g. carried interest and performance fees) were considered variable interests. For the remaining entities where the Company has determined that it does hold a variable interest, the Company performs an assessment to determine whether each of those entities qualify as a variable interest entity ("VIE").

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Entities that do not qualify as VIEs are generally assessed for consolidation as voting interest entities (“VOEs”) under the voting interest model. Under the voting interest model, Apollo consolidates those entities it controls through a majority voting interest. Apollo does not consolidate those VOEs in which substantive kick-out rights have been granted to the unaffiliated investors to either dissolve the fund or remove the general partner.

The consolidation assessment, including the determination as to whether an entity qualifies as a VIE depends on the facts and circumstances surrounding each entity and therefore certain of Apollo’s funds may qualify as VIEs whereas others may qualify as VOEs. The granting of substantive kick-out rights is a key consideration in determining whether a limited partnership or similar entity is a VIE and whether or not that entity should be consolidated. For example, when the unaffiliated holders of equity investment at risk of a fund (assumed to be limited partnerships or similar entities) with sufficient equity to permit the fund to finance its activities without additional subordinated financial support are not granted substantive kick-out rights the fund is determined to be a VIE. Alternatively, when the unaffiliated holders of equity investment at risk are granted substantive kick-out rights, the fund is generally determined to be a VOE.

If the entity is determined to be a VIE, the Company assesses whether the entity should be consolidated by determining if Apollo is the primary beneficiary of the entity. The Company is determined to be the primary beneficiary if it holds a controlling financial interest defined as possessing both (a) the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance and (b) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. When Apollo alone is not considered to have a controlling financial interest but Apollo and its related parties on an aggregate basis do have a controlling financial interest, Apollo is deemed to be the primary beneficiary if substantially all the activities of the entity are performed on behalf of Apollo.

Apollo determines whether it is the primary beneficiary of a VIE at the time it becomes initially involved with the VIE and reconsiders that conclusion continuously. Investments and redemptions (either by Apollo, affiliates of Apollo or third parties) or amendments to the governing documents of the respective entity may affect an entity’s status as a VIE or the determination of the primary beneficiary.

The assessment of whether an entity is a VIE and the determination of whether Apollo should consolidate such VIE requires judgment. Under both the previous and the new guidance, those judgments include, but are not limited to: (i) determining whether the total equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support, (ii) evaluating whether the holders of equity investment at risk, as a group, can make decisions that have a significant effect on the success of the entity, (iii) determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive the expected residual returns from an entity, and (iv) evaluating the nature of the relationship and activities of the parties involved in determining which party within a related-party group (only for those related parties with shared power or under common control under the new guidance) is most closely associated with the VIE. Judgments are also made in determining whether a member in the equity group has a controlling financial interest including power to direct activities that most significantly impact the VIEs’ economic performance and rights to receive benefits or obligations to absorb losses that could be potentially significant to the VIE. This analysis includes interests through related parties. Prior to adoption of the new guidance, where the VIEs had qualified for the deferral, judgments were made in estimating cash flows to evaluate which member within the equity group absorbed a majority of the expected losses or residual returns of the VIE.

### ***Revenue Recognition***

***Carried Interest Income from Affiliates.*** We earn carried interest income from our funds as a result of such funds achieving specified performance criteria. Such carried interest income generally is earned based upon a fixed percentage of realized and unrealized gains of various funds after meeting any applicable hurdle rate or threshold minimum. Carried interest income from certain of the funds that we manage is subject to contingent repayment and is generally paid to us as particular investments made by the funds are realized. If, however, upon liquidation of a fund, the aggregate amount paid to us as carried interest exceeds the amount actually due to us based upon the aggregate performance of the fund, the excess (in certain cases net of taxes) is required to be returned by us to that fund. For a majority of our credit funds, once the annual carried interest income has been determined, there generally is no look-back to prior periods for a potential contingent repayment, however, carried interest income on certain other credit funds can be subject to contingent repayment at the end of the life of the fund. We have elected to adopt Method 2 from U.S. GAAP guidance applicable to accounting for management fees based on a formula, and under this method, we accrue carried interest income quarterly based on fair value of the underlying investments and separately assess if contingent repayment is necessary. The determination of carried interest income and contingent repayment considers both the terms of the respective partnership agreements and the current fair value of the underlying investments within the funds. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds and could vary depending on the valuation methodology that is used. See “Investments, at Fair Value” below for further discussion related to significant estimates and assumptions used for determining fair value of the underlying investments in our private equity, credit and real estate funds.

**Management Fees from Affiliates.** The management fees related to our private equity funds are generally based on a fixed percentage of the committed capital or invested capital. The corresponding fee calculations that consider committed capital or invested capital are both objective in nature and therefore do not require the use of significant estimates or assumptions. Management fees related to our credit funds, by contrast, can be based on net asset value, gross assets, adjusted cost of all unrealized portfolio investments, capital commitments, adjusted assets, capital contributions, or stockholders' equity all as defined in the respective partnership agreements. The credit management fee calculations that consider net asset value, gross assets, adjusted cost of all unrealized portfolio investments and adjusted assets, are normally based on the terms of the respective partnership agreements and the current fair value of the underlying investments within the funds. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds and could vary depending on the valuation methodology that is used. The management fees related to our real estate funds are generally based on a specific percentage of the funds' stockholders' equity or committed or net invested capital or the capital accounts of the limited partners. See "Investments, at Fair Value" below for further discussion related to significant estimates and assumptions used for determining fair value of the underlying investments in our private equity, credit and real estate funds.

#### **Investments, at Fair Value**

On a quarterly basis, Apollo utilizes valuation committees consisting of members from senior management, to review and approve the valuation results related to the investments of the funds it manages. For certain publicly traded vehicles managed by Apollo, a review is performed by an independent board of directors. The Company also retains independent valuation firms to provide third-party valuation consulting services to Apollo, which consist of certain limited procedures that management identifies and requests them to perform. The limited procedures provided by the independent valuation firms assist management with validating their valuation results or determining fair value. The Company performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analyses. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

**Private Equity Investments.** The majority of the illiquid investments within our private equity funds are valued using the market approach, which provides an indication of fair value based on a comparison of the subject company to comparable publicly traded companies and transactions in the industry.

**Market Approach.** The market approach is driven by current market conditions, including actual trading levels of similar companies and, to the extent available, actual transaction data of similar companies. Judgment is required by management when assessing which companies are similar to the subject company being valued. Consideration may also be given to any of the following factors: (1) the subject company's historical and projected financial data; (2) valuations given to comparable companies; (3) the size and scope of the subject company's operations; (4) the subject company's individual strengths and weaknesses; (5) expectations relating to the market's receptivity to an offering of the subject company's securities; (6) applicable restrictions on transfer; (7) industry and market information; (8) general economic and market conditions; and (9) other factors deemed relevant. Market approach valuation models typically employ a multiple that is based on one or more of the factors described above. Sources for gaining additional knowledge related to comparable companies include public filings, annual reports, analyst research reports, and press releases. Once a comparable company set is determined, we review certain aspects of the subject company's performance and determine how its performance compares to the group and to certain individuals in the group. We compare certain measurements such as EBITDA margins, revenue growth over certain time periods, leverage ratios, and growth opportunities. In addition, we compare our entry multiple and its relation to the comparable set at the time of acquisition to understand its relation to the comparable set on each measurement date.

**Income Approach.** For investments where the market approach does not provide adequate fair value information, we rely on the income approach. The income approach is also used to value investments or validate the market approach within our private equity funds. The income approach provides an indication of fair value based on the present value of cash flows that a business or security is expected to generate in the future. The most widely used methodology for the income approach is a discounted cash flow method. Inherent in the discounted cash flow method are significant assumptions related to the subject company's expected results and a calculated discount rate, which is normally based on the subject company's weighted average cost of capital, or "WACC." The WACC represents the required rate of return on total capitalization, which is comprised of a required rate of return on equity, plus the current tax-effected rate of return on debt, weighted by the relative percentages of equity and debt that are typical in the industry. The most critical step in determining the appropriate WACC for each subject company is to select companies that are comparable in nature to the subject company and the credit quality of the subject company. Sources for gaining additional knowledge about the comparable companies include public filings, annual reports, analyst research reports, and press releases. The general formula then used for calculating the WACC considers the after-tax rate of return on debt capital and the rate of return on common equity capital, which further considers the risk-free rate of return, market beta, market risk premium and small stock premium, if applicable. The variables used in the WACC formula are inferred from the comparable market data obtained.



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The Company evaluates the comparable companies selected and concludes on WACC inputs based on the most comparable company or analyzes the range of data for the investment.

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

***Credit Investments.*** The majority of investments in Apollo's credit funds are valued based on quoted market prices and valuation models.

Quoted market prices are valued based on the average of the "bid" and the "ask" quotes provided by multiple brokers wherever possible without any adjustments. Apollo will designate certain brokers to use to value specific securities. In order to determine the designated brokers, Apollo considers the following: (i) brokers with which Apollo has previously transacted, (ii) the underwriter of the security and (iii) active brokers indicating executable quotes. In addition, when valuing a security based on broker quotes wherever possible Apollo tests the standard deviation amongst the quotes received and the variance between the concluded fair value and the value provided by a pricing service. When broker quotes are not available, we use pricing service quotes or other sources to mark a position. When relying on a pricing service as a primary source, (i) Apollo analyzes how the price has moved over the measurement period (ii) reviews the number of brokers included in the pricing service's population and (iii) validates the valuation levels with Apollo's pricing team and traders.

Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value utilizing a model based approach is used to determine fair value. When determining fair value when no observable market value exists, the value attributed to an investment is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation approaches used to estimate the fair value of illiquid credit investments also may include the market approach and the income approach, as previously described above. The valuation approaches used consider, as applicable, market risks, credit risks, counterparty risks and foreign currency risks.

The credit funds also enter into foreign currency exchange contracts, total return swap contracts, credit default swap contracts, and other derivative contracts, which may include options, caps, collars and floors. Foreign currency exchange contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. If securities are held at the end of this period, the changes in value are recorded in income as unrealized. Realized gains or losses are recognized when contracts are settled. Total return swap and credit default swap contracts are recorded at fair value as an asset or liability, with changes in fair value recorded as unrealized appreciation or depreciation. Realized gains or losses are recognized at the termination of the contract based on the difference between the close-out price of the total return or credit default swap contract and the original contract price. Forward contracts are valued based on market rates obtained from counterparties or prices obtained from recognized financial data service providers.

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

The fair values of the investments in our private equity, credit and real estate funds can be impacted by changes to the assumptions used in the underlying valuation models. For further discussion on the impact of changes to valuation assumptions see "Item 7A. Quantitative and Qualitative Disclosures About Market Risk—Sensitivity" in this Annual Report on Form 10-K. There have been no material changes to the underlying valuation models during the periods that our financial results are presented in this report.

### ***Fair Value of Financial Instruments***

Except for the Company's debt obligations related to the 2013 AMH Credit Facilities and 2024 Senior Notes (each as defined in note 12 to our consolidated financial statements), Apollo's financial instruments are recorded at fair value or at amounts whose carrying values approximate fair value. See "—Investments, at Fair Value" above. While Apollo's valuations of portfolio investments are based on assumptions that Apollo believes are reasonable under the circumstances, the actual realized gains or losses will depend on, among other factors, future operating results, the value of the assets and market conditions at the

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time of disposition, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based. Financial instruments' carrying values generally approximate fair value because of the short-term nature of those instruments or variable interest rates related to the borrowings.

**Profit Sharing Expense.** Profit sharing expense is primarily a result of agreements with our Contributing Partners and employees to compensate them based on the ownership interest they have in the general partners of the Apollo funds. Therefore, changes in the fair value of the underlying investments in the funds we manage and advise affect profit sharing expense. The Contributing Partners and employees are allocated approximately 30% to 50% of the total carried interest income which is driven primarily by changes in fair value of the underlying fund's investments and is treated as compensation expense. Additionally, profit sharing expenses paid may be subject to clawback from employees, former employees and Contributing Partners to the extent not indemnified.

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

The Company has adopted a performance based incentive arrangement for certain Apollo partners and employees designed to more closely align compensation on an annual basis with the overall realized performance of the Company. This arrangement, which we refer to herein as the "Incentive Pool," enables certain partners and employees to earn discretionary compensation based on carried interest realizations earned by the Company in a given year, which amounts are reflected in profit sharing expense in the accompanying consolidated financial statements. The Company adopted the Incentive Pool to attract and retain, and provide incentive to, partners and employees of the Company and to more closely align the overall compensation of partners and employees with the overall realized performance of the Company. Allocations to the Incentive Pool and to its participants contain both a fixed and a discretionary component and may vary year-to-year depending on the overall realized performance of the Company and the contributions and performance of each participant. There is no assurance that the Company will continue to compensate individuals through performance-based incentive arrangements in the future and there may be periods when the executive committee of the Company's manager determines that allocations of realized carried interest income are not sufficient to compensate individuals, which may result in an increase in salary, bonus and benefits.

**Equity-Based Compensation.** Equity-based compensation is accounted for in accordance with U.S. GAAP, which requires that the cost of employee services received in exchange for an award is generally measured based on the grant date fair value of the award. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately. Equity-based employee awards that require future service are recognized over the relevant service period. Further, as required under U.S. GAAP, the Company estimates forfeitures using industry comparables or historical trends for equity-based awards that are not expected to vest. Apollo's equity-based awards consist of, or provide rights with respect to, AOG Units, RSUs, share options, restricted shares, AHL Awards and other equity-based compensation awards. For more information regarding Apollo's equity-based compensation awards, see note 14 to our consolidated financial statements. The Company's assumptions made to determine the fair value on grant date and the estimated forfeiture rate are embodied in the calculations of compensation expense.

A significant part of our compensation expense is derived from amortization of RSUs. The fair value of all RSU grants after March 29, 2011 is based on the grant date fair value, which considers the public share price of the Company. RSUs are comprised of Plan Grants, which generally do not pay distributions until vested and, for grants made after 2011, the underlying shares are generally issued by March 15th after the year in which they vest, and Bonus Grants, which pay distributions on both vested and unvested grants and are generally issued after vesting on an approximate two-month lag. For Plan Grants, the grant date fair value is based on the public share price of the Company, and is discounted for transfer restrictions and lack of distributions until vested. For Bonus Grants, the grant date fair value is based on the public share price of the Company, and is discounted for transfer restrictions.

We utilized the present value of a growing annuity formula to calculate a discount for the lack of pre-vesting distributions on Plan Grant RSUs. The weighted average for the inputs utilized for the shares granted during the years ended December 31, 2015, 2014 and 2013 are presented in the table below for Plan Grants:

	For the Year Ended December 31,		
	2015	2014	2013
Distribution Yield <sup>(1)</sup>	11.0%	14.3%	9.5%
Discount Rate for Pre-Vesting Distributions not Accrued <sup>(2)</sup>	9.1%	12.3%	17.6%

(1) Calculated based on the historical distributions paid during the last twelve months and the Company's Class A share price as of the measurement date of the grant on a weighted average basis.



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- (2) Assumes a discount rate that was equivalent to the opportunity cost of foregoing distributions on unvested Plan Grant RSUs as of the valuation date, based on the Capital Asset Pricing Model (“CAPM”). CAPM is a commonly used mathematical model for developing expected returns.

The following table summarizes the weighted average discounts for Plan Grants for the years ended December 31, 2015, 2014 and 2013:

	For the Year Ended December 31,		
	2015	2014	2013
<b>Plan Grants:</b>			
Discount for the lack of distributions until vested <sup>(1)</sup>	26.0%	32.5%	30.5%

- (1) Based on the present value of a growing annuity calculation.

We utilized the Finnerty Model to calculate a marketability discount on the Plan Grant and Bonus Grant RSUs to account for the lag between vesting and issuance. The Finnerty Model provides for a valuation discount reflecting the holding period restriction embedded in a restricted security preventing its sale over a certain period of time.

The Finnerty Model proposes to estimate a discount for lack of marketability such as transfer restrictions by using an option pricing theory. This model has gained recognition through its ability to address the magnitude of the discount by considering the volatility of a company’s stock price and the length of restriction. The concept underpinning the Finnerty Model is that a restricted security cannot be sold over a certain period of time. Further simplified, a restricted share of equity in a company can be viewed as having forfeited a put on the average price of the marketable equity over the restriction period (also known as an “Asian Put Option”). If we price an Asian Put Option and compare this value to that of the assumed fully marketable underlying security, we can effectively estimate the marketability discount.

The inputs utilized in the Finnerty Model were (i) length of holding period, (ii) volatility and (iii) distribution yield. The weighted average for the inputs utilized for the shares granted during the years ended December 31, 2015, 2014 and 2013 are presented in the table below for Plan Grants and Bonus Grants:

	For the Year Ended December 31,		
	2015	2014	2013
<b>Plan Grants</b>			
Holding Period Restriction (in years)	0.6	0.6	0.6
Volatility <sup>(1)</sup>	25.7%	31.4%	30.4%
Distribution Yield <sup>(2)</sup>	11.0%	14.3%	8.2%
<b>Bonus Grants</b>			
Holding Period Restriction (in years)	0.2	0.2	0.2
Volatility <sup>(1)</sup>	22.2%	32.1%	30.0%
Distribution Yield <sup>(2)</sup>	10.8%	13.7%	12.2%

- (1) The Company determined the expected volatility based on the volatility of the Company’s Class A share price as of the grant date with consideration to comparable companies.
- (2) Calculated based on the historical distributions paid during the last twelve months and the Company’s Class A share price as of the measurement date of the grant on a weighted average basis.

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The following table summarizes the weighted average marketability discounts for Plan Grants and Bonus Grants for the years ended December 31, 2015, 2014 and 2013:

	For the Year Ended December 31,		
	2015	2014	2013
<b>Plan Grants:</b>			
Marketability discount for transfer restrictions <sup>(1)</sup>	4.2%	5.1%	6.0%
<b>Bonus Grants:</b>			
Marketability discount for transfer restrictions <sup>(1)</sup>	2.2%	3.2%	3.2%

(1) Based on the Finnerty Model calculation.

After the grant date fair value is determined, an estimated forfeiture rate is applied. The estimated fair value was determined and recognized over the vesting period on a straight-line basis. A 6.0% forfeiture rate is estimated for RSUs, based on the Company's historical attrition rate as well as industry comparable rates. If employees are no longer associated with Apollo or if there is no turnover, we will revise our estimated compensation expense to the actual amount of expense based on the RSUs vested at the reporting date in accordance with U.S. GAAP.

**Fair Value Measurements**

See note 6 to our consolidated financial statements for a discussion of the Company's fair value measurements.

**Recent Accounting Pronouncements**

A list of recent accounting pronouncements that are relevant to Apollo and its industry is included in note 2 to our consolidated financial statements.

**Off-Balance Sheet Arrangements**

In the normal course of business, we engage in off-balance sheet arrangements, including transactions in derivatives, guarantees, commitments, indemnifications and potential contingent repayment obligations. See note 16 to our consolidated financial statements for a discussion of guarantees and contingent obligations.

**Contractual Obligations, Commitments and Contingencies**

As of December 31, 2015, the Company's material contractual obligations consisted of lease obligations, contractual commitments as part of the ongoing operations of the funds and debt obligations. Fixed and determinable payments due in connection with these obligations are as follows:

	2016	2017	2018	2019	2020	Thereafter	Total
	(in thousands)						
Operating lease obligations <sup>(1)</sup>	\$ 37,812	\$ 35,871	\$ 31,207	\$ 30,641	\$ 14,159	\$ 10,817	\$ 160,507
Other long-term obligations <sup>(2)</sup>	10,594	5,282	4,908	2,329	—	—	23,113
2013 AMH Credit Facilities - Term Facility <sup>(3)</sup>	8,254	8,254	8,254	500,413	—	—	525,175
2013 AMH Credit Facilities - Revolver Facility <sup>(4)</sup>	625	625	625	8	—	—	1,883
2024 Senior Notes <sup>(5)</sup>	20,000	20,000	20,000	20,000	20,000	568,333	668,333
2014 AMI Term Facility I	298	298	298	14,693	—	—	15,587
2014 AMI Term Facility II	295	295	295	17,108	—	—	17,993
Obligations as of December 31, 2015	<u>\$ 77,878</u>	<u>\$ 70,625</u>	<u>\$ 65,587</u>	<u>\$ 585,192</u>	<u>\$ 34,159</u>	<u>\$ 579,150</u>	<u>\$ 1,412,591</u>

(1) The Company has entered into sublease agreements and is expected to contractually receive approximately \$3.4 million over the life of the agreements.

(2) Includes (i) payments on management service agreements related to certain assets and (ii) payments with respect to certain consulting agreements entered into by the Company. Note that a significant portion of these costs are reimbursable by funds.

(3) \$500 million of the outstanding Term Facility matures in January 2019. The interest rate on the \$500 million Term Facility as of December 31, 2015 was 1.65%. See note 12 of the consolidated financial statements for further discussion of the 2013 AMH Credit Facilities.

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- (4) The commitment fee as of December 31, 2015 on the \$500 million undrawn Revolver Facility was 0.125%. See note 12 of the consolidated financial statements for further discussion of the 2013 AMH Credit Facilities.
- (5) \$500 million of the 2024 Senior Notes matures in May 2024. The interest rate on the 2024 Senior Notes as of December 31, 2015 was 4.00%. See note 12 of the consolidated financial statements for further discussion of the 2024 Senior Notes.
- Note: Due to the fact that the timing of certain amounts to be paid cannot be determined or for other reasons discussed below, the following contractual commitments have not been presented in the table above.
- (i) As noted previously, we have entered into a tax receivable agreement with our Managing Partners and Contributing Partners which requires us to pay to our Managing Partners and Contributing Partners 85% of any tax savings received by APO Corp. from our step-up in tax basis. The tax savings achieved may not ensure that we have sufficient cash available to pay this liability and we might be required to incur additional debt to satisfy this liability.
- (ii) Debt amounts related to the consolidated VIEs are not presented in the table above as the Company is not a guarantor of these non-recourse liabilities.
- (iii) In connection with the Stone Tower and Gulf Stream acquisitions, the Company agreed to pay the former owners of Stone Tower and Gulf Stream a specified percentage of any future carried interest income earned from certain of the Stone Tower and Gulf Stream funds, CLOs and strategic investment accounts. This contingent consideration liability is remeasured to fair value at each reporting period until the obligations are satisfied. See note 16 for further information regarding the contingent consideration liability.

**Commitments**

Certain of our management companies and general partners are committed to contribute to the funds we manage and certain affiliates. While a small percentage of these amounts are funded by us, the majority of these amounts have historically been funded by our affiliates, including certain of our employees and certain Apollo funds. The table below presents the commitment and remaining commitment amounts of Apollo and its affiliates, the percentage of total fund commitments of Apollo and its affiliates, the commitment and remaining commitment amounts of Apollo only (excluding affiliates), and the percentage of total fund commitments of Apollo only (excluding affiliates) for each private equity, credit and real estate fund as of December 31, 2015 as follows (\$ in millions):

Fund	Apollo and Affiliates Commitments	% of Total Fund Commitments	Apollo Only (Excluding Affiliates) Commitments	Apollo Only (Excluding Affiliates) % of Total Fund Commitments	Apollo and Affiliates Remaining Commitments	Apollo Only (Excluding Affiliates) Remaining Commitments
<b>Private Equity:</b>						
Fund IV	\$ 100.0	2.78%	\$ 0.2	0.01%	\$ 0.5	\$ —
Fund V	100.0	2.67	0.5	0.01	6.3	—
Fund VI	246.3	2.43	6.1	0.06	9.7	0.2
Fund VII	467.2	3.18	178.0	1.21	80.9	29.6
Fund VIII	1,543.5	8.40	401.6	2.19	1,099.3	289.9
ANRP I	426.1	32.21	10.0	0.75	132.8	3.2
ANRP II	292.0	16.87	42.0	2.43	242.8	35.4
AION	151.5	18.34	50.0	6.05	106.9	35.0
APC	158.5	69.06	0.1	0.04	67.6	—
Apollo Rose, L.P.	215.7	100.00	—	—	46.8	—
A.A Mortgage Opportunities, L.P.	440.0	87.44	—	—	154.4	—
Champ, L.P.	74.4	100.00	19.0	25.56	11.5	2.9
Apollo Royalties Management, LLC	100.0	100.00	—	—	6.3	—
<b>Credit:</b>						
ACLF	23.9	2.43	23.9	2.43	1.2	1.2
COF I	449.2	30.26	29.7	2.00	237.1	4.2
COF II	30.5	1.93	23.4	1.48	0.8	0.6
COF III	358.1	10.45	83.1	2.43	104.3	24.5
EPF I <sup>(2)</sup>	292.8	20.74	19.3	1.37	48.3	4.5
EPF II <sup>(2)</sup>	410.2	12.25	63.0	1.88	143.2	24.3
AIE II <sup>(2)</sup>	7.1	3.15	4.4	1.94	—	—
AIE III <sup>(2)</sup>	9.8	2.91	9.8	2.91	6.1	6.1
Palmetto	18.0	1.19	18.0	1.19	10.9	10.9
AEC	7.3	2.50	3.2	1.08	2.5	1.1
AESI <sup>(2)</sup>	3.2	0.99	3.2	0.99	0.2	0.2
AESI II	2.8	0.99	2.8	0.99	1.4	1.4
ACSP	18.8	2.44	18.8	2.44	6.7	6.7
Apollo SK Strategic Investments, L.P.	2.0	0.99	2.0	0.99	0.4	0.4
Apollo Tactical Value SPN Investments, L.P.	10.0	1.96	10.0	1.96	8.0	8.0

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Franklin Fund	9.9	9.09	9.9	9.09	—	—
Apollo Zeus Strategic Investments, L.P.	14.0	3.38	14.0	3.38	4.0	4.0
Apollo Lincoln Fixed Income Fund	2.5	0.99	2.5	0.99	0.6	0.6
Apollo Lincoln Private Credit Fund, L.P.	2.5	0.99	2.5	0.99	2.1	2.1
Stone Tower Structured Credit Recovery Master Fund II, Ltd.	7.8	7.47	—	—	—	—
Apollo Structured Credit Recovery Master Fund III, Ltd.	230.2	18.59	3.6	0.29	101.2	1.6
MidCap	1,208.6	74.71	79.9	4.94	—	—
AEOF	125.5	12.01	25.5	2.44	72.0	14.6
Apollo A-N Credit Fund, L.P.	7.0	1.96	7.0	1.96	2.6	2.0
Union Street Partners	4.4	2.00	4.4	2.00	3.3	3.3
FCI	95.3	17.05	—	—	53.6	—
FCI II	244.6	15.72	—	—	88.9	—
Apollo/Palmetto Loan Portfolio, L.P.	—	100.00	—	100.00	—	—
Apollo/Palmetto Short-Maturity Loan Portfolio, L.P.	300.0	100.00	—	—	—	—
Apollo Hercules Partners, L.P.	7.5	2.44	7.5	2.44	6.4	6.4
<b>Real Estate:</b>						
U.S. RE Fund I	433.3 <sup>(1)</sup>	69.46	16.1	2.45	132.2 <sup>(1)</sup>	3.2
U.S. RE Fund II	323.8	82.04	7.4	1.89	211.6	4.9
CPI Capital Partners North America	7.6	1.27	2.1	0.35	0.6	0.2
CPI Capital Partners Europe <sup>(2)</sup>	6.0	0.47	—	—	0.4	—
CPI Capital Partners Asia Pacific	6.9	0.53	0.5	0.04	0.4	—
BEA/AGRE China Real Estate Fund, L.P.	0.1	1.03	0.1	1.03	—	—
Apollo-IC, L.P. (Shanghai Village)	0.8	100.00	0.8	100.00	0.4	0.4
AGRE Cobb West Investor, L.P.	0.1	0.39	0.1	0.39	—	—
AGRE Asia Co-Invest I Limited	50.0	100.00	—	—	35.7	—
CAI Strategic European Real Estate Ltd. <sup>(2)</sup>	15.8	92.13	—	—	3.0	—
London Prime Apartments Guernsey Holdings Limited (London Prime Apartments) <sup>(3)</sup>	26.0	7.80	0.8	0.23	6.4	0.2
2012 CMBS I Fund, L.P.	89.5	100.00	—	—	—	—
2012 CMBS II Fund, L.P.	96.6	100.00	—	—	—	—
AGRE CMBS Fund, L.P.	418.8	100.00	—	—	—	—
Apollo USREF II (Williams Square Co-Invest) L.P.	25.0	28.90	—	—	4.1	—
<b>Other:</b>						
Apollo SPN Investments I, L.P.	36.7	0.91	36.7	0.91	32.5	32.5
Total	\$ 9,755.7		\$ 1,243.5		\$ 3,298.9	\$ 566.3

- (1) Figures for U.S. RE Fund I include base, additional, and co-investment commitments. A co-investment vehicle within U.S. RE Fund I is denominated in pound sterling and translated into U.S. dollars at an exchange rate of £1.00 to \$1.47 as of December 31, 2015.
- (2) Apollo's commitment in these funds is denominated in Euros and translated into U.S. dollars at an exchange rate of €1.00 to \$1.09 as of December 31, 2015.
- (3) Apollo's commitment in these investments is denominated in pound sterling and translated into U.S. dollars at an exchange rate of £1.00 to \$1.47 as of December 31, 2015.

As a limited partner, the general partner and manager of the Apollo private equity, credit and real estate funds, Apollo had unfunded capital commitments of \$566.3 million at December 31, 2015.

Apollo has an ongoing obligation to acquire additional common units of AAA in an amount equal to 25% of the aggregate after-tax cash distributions, if any, that are made by AAA to Apollo's affiliates pursuant to the carried interest distribution rights that are applicable to investments made through AAA Investments. In addition, on April 30, 2015, Apollo entered into a revolving credit agreement with AAA Investments (the "AAA Investments Credit Agreement"). Under the terms of the AAA Investments Credit Agreement, the Company shall make available to AAA Investments one or more advances at the discretion of AAA Investments in the aggregate amount not to exceed a balance of \$10.0 million at an applicable rate of LIBOR plus 1.5%. The Company receives an annual commitment fee of 0.125% on the unused portion of the loan. As of December 31, 2015, no advance on the AAA Investments Credit Agreement was made by the Company.

The 2013 AMH Credit Facilities and 2024 Senior Notes will have future impacts on our cash uses. See note 12 of our consolidated financial statements for information regarding the Company's debt arrangements.

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In accordance with the Shareholders Agreement, we have indemnified the Managing Partners and certain Contributing Partners (at varying percentages) for any carried interest income distributed from Fund IV, Fund V and Fund VI that is subject to contingent repayment by the general partner. The Company recorded an indemnification liability of \$4.6 million as of December 31, 2015 related to this obligation. As of December 31, 2014, the Company had not recorded an obligation for any previously made distributions.

**Contingent Obligations**—Carried interest income in private equity and certain credit and real estate funds is subject to reversal in the event of future losses to the extent of the cumulative carried interest recognized in income to date. If all of the existing investments became worthless, the amount of cumulative revenues recognized by Apollo through December 31, 2015 that would be reversed approximates \$2.4 billion. Management views the possibility of all of the investments becoming worthless as remote. Carried interest income is affected by changes in the fair values of the underlying investments in the funds that Apollo manages. Valuations, on an unrealized basis, can be significantly affected by a variety of external factors including, but not limited to, bond yields and industry trading multiples. Movements in these items can affect valuations quarter to quarter even if the underlying business fundamentals remain stable.

Additionally, at the end of the life of certain funds that the Company manages, there could be a payment due to a fund by the Company if the Company as general partner has received more carried interest income than was ultimately earned. This general partner obligation amount, if any, will depend on final realized values of investments at the end of the life of each fund or as otherwise set forth in the respective limited partnership agreement or other governing document of the fund. As of December 31, 2015, the Company recorded a general partner obligation to return previously distributed carried interest income of \$72.0 million. See note 15 to the consolidated statements for further information regarding the general partner obligation.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our predominant exposure to market risk is related to our role as investment manager and general partner for our funds and the sensitivity to movements in the fair value of their investments and resulting impact on carried interest income and management fee revenues. Our direct investments in the funds also expose us to market risk whereby movements in the fair values of the underlying investments will increase or decrease both net gains (losses) from investment activities and income (loss) from equity method investments. For a discussion of the impact of market risk factors on our financial instruments see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Investments, at Fair Value.”

The fair value of our financial assets and liabilities of our funds may fluctuate in response to changes in the value of investments, foreign exchange, commodities and interest rates. The net effect of these fair value changes impacts the gains and losses from investments in our consolidated statements of operations. However, the majority of these fair value changes are absorbed by the Non-Controlling Interests.

The Company is subject to a concentration risk related to the investors in its funds. Although there are more than 1,000 investors in Apollo’s active private equity, credit and real estate funds, no individual investor accounts for more than 10% of the total committed capital to Apollo’s active funds.

Risks are analyzed across funds from the “bottom up” and from the “top down” with a particular focus on asymmetric risk. We gather and analyze data, monitor investments and markets in detail, and constantly strive to better quantify, qualify and circumscribe relevant risks.

Each risk management process is subject to our overall risk tolerance and philosophy and our enterprise-wide risk management framework. This framework includes identifying, measuring and managing market, credit and operational risks at each segment, as well as at the fund and Company level.

Each segment runs its own investment and risk management process subject to our overall risk tolerance and philosophy:

- The investment process of our private equity funds involves a detailed analysis of potential acquisitions, and investment management teams assigned to monitor the strategic development, financing and capital deployment decisions of each portfolio investment.
- Our credit funds continuously monitor a variety of markets for attractive trading opportunities, applying a number of traditional and customized risk management metrics to analyze risk related to specific assets or portfolios, as well as, fund-wide risks.

At the direction of the Company’s manager, the Company has established a risk committee comprised of various members of senior management including the Company’s Chief Financial Officer, Chief Legal Officer, and the Company’s Chief Risk Officer. The risk committee is tasked with assisting the Company’s manager in monitoring and managing enterprise-wide risk. The risk committee generally meets on a monthly basis and reports to the executive committee of the Company’s manager at such times as the committee deems appropriate and at least on an annual basis.

On at least a monthly basis, the Company’s risk department provides a summary analysis of fund level market and credit risk to the portfolio managers of the Company’s funds and the heads of the various business segments. On a periodic basis, the Company’s risk department presents a consolidated summary analysis of fund level market and credit risk to the Company’s risk committee. In addition, the Company’s Chief Risk Officer reviews specific investments from the perspective of risk mitigation and discusses such analysis with the Company’s risk committee and/or the executive committee of the Company’s manager at such times as the Company’s Chief Risk Officer determines such discussions are warranted. On an annual basis, the Company’s Chief Risk Officer provides the executive committee of the Company’s manager with a comprehensive overview of risk management along with an update on current and future risk initiatives.

***Impact on Management Fees***—Our management fees are based on one of the following:

- capital commitments to an Apollo fund;
- capital invested in an Apollo fund;
- the gross, net or adjusted asset value of an Apollo fund, as defined; or
- as otherwise defined in the respective agreements.

Management fees could be impacted by changes in market risk factors and management could consider an investment permanently impaired as a result of (i) such market risk factors causing changes in invested capital or in market values to below cost, in the case of our private equity funds and certain credit funds, or (ii) such market risk factors causing changes in gross or net asset value, for the credit funds. The proportion of our management fees that are based on NAV is dependent on the number and types of our funds in existence and the current stage of each fund's life cycle.

**Impact on Advisory and Transaction Fees**—We earn transaction fees relating to the negotiation of private equity, credit and real estate transactions and may obtain reimbursement for certain out-of-pocket expenses incurred. Subsequently, on a quarterly or annual basis, ongoing advisory fees, and additional transaction fees in connection with additional purchases, dispositions, or follow-on transactions, may be earned. Management Fee Offsets and any broken deal costs are reflected as a reduction to advisory and transaction fees from affiliates, net. Advisory and transaction fees will be impacted by changes in market risk factors to the extent that they limit our opportunities to engage in private equity, credit and real estate transactions or impair our ability to consummate such transactions. The impact of changes in market risk factors on advisory and transaction fees is not readily predicted or estimated.

**Impact on Carried Interest Income**—We earn carried interest income from our funds as a result of such funds achieving specified performance criteria. Our carried interest income will be impacted by changes in market risk factors. However, several major factors will influence the degree of impact:

- the performance criteria for each individual fund in relation to how that fund's results of operations are impacted by changes in market risk factors;
- whether such performance criteria are annual or over the life of the fund;
- to the extent applicable, the previous performance of each fund in relation to its performance criteria; and
- whether each funds' carried interest distributions are subject to contingent repayment.

As a result, the impact of changes in market risk factors on carried interest income will vary widely from fund to fund. The impact is heavily dependent on the prior and future performance of each fund, and therefore is not readily predicted or estimated.

**Market Risk**—We are directly and indirectly affected by changes in market conditions. Market risk generally represents the risk that values of assets and liabilities or revenues and expenses will be adversely affected by changes in market conditions. Market risk is inherent in each of our investments and activities, including equity investments, loans, short-term borrowings, long-term debt, hedging instruments, credit default swaps, and derivatives. Just a few of the market conditions that may shift from time to time, thereby exposing us to market risk, include fluctuations in interest and currency exchange rates, equity prices, changes in the implied volatility of interest rates and price deterioration. Volatility in debt and equity markets can impact our pace of capital deployment, the timing of receipt of transaction fee revenues, and the timing of realizations. These market conditions could have an impact on the value of fund investments and rates of return. Accordingly, depending on the instruments or activities impacted, market risks can have wide ranging, complex adverse effects on our results from operations and our overall financial condition. We monitor market risk using certain strategies and methodologies which management evaluates periodically for appropriateness. We intend to continue to monitor this risk going forward and continue to monitor our exposure to all market factors.

**Interest Rate Risk**—Interest rate risk represents exposure we and our funds have to instruments whose values vary with the change in interest rates. These instruments include, but are not limited to, loans, borrowings and derivative instruments. We may seek to mitigate risks associated with the exposures by having our funds take offsetting positions in derivative contracts. Hedging instruments allow us to seek to mitigate risks by reducing the effect of movements in the level of interest rates, changes in the shape of the yield curve, as well as, changes in interest rate volatility. Hedging instruments used to mitigate these risks may include related derivatives such as options, futures and swaps.

**Credit Risk**—Certain of our funds are subject to certain inherent risks through their investments.

Certain of our entities invest substantially all of their excess cash in open-end money market funds and money market demand accounts, which are included in cash and cash equivalents. The money market funds invest primarily in government securities and other short-term, highly liquid instruments with a low risk of loss. We continually monitor the funds' performance in order to manage any risk associated with these investments.

Certain of our funds hold derivative instruments that contain an element of risk in the event that the counterparties may be unable to meet the terms of such agreements. We seek to minimize our risk exposure by limiting the counterparties with which our funds enter into contracts to banks and investment banks who meet established credit and capital guidelines. As of December 31, 2015, we do not expect any counterparty to default on its obligations and therefore do not expect to incur any loss due to counterparty default.



**Foreign Exchange Risk**—Foreign exchange risk represents exposures our funds have to changes in the values of current fund holdings and future cash flows denominated in other currencies and investments in non-U.S. companies. The types of investments exposed to this risk include investments in foreign subsidiaries, foreign currency-denominated loans, foreign currency-denominated transactions, and various foreign exchange derivative instruments whose values fluctuate with changes in currency exchange rates or foreign interest rates. Instruments used to mitigate this risk are foreign exchange options, currency swaps, futures and forwards. These instruments may be used to help insulate our funds against losses that may arise due to volatile movements in foreign exchange rates and/or interest rates.

In our capacity as investment manager of the funds we manage, we continuously monitor a variety of markets for attractive opportunities for managing risk. For example, certain of the funds we manage may put in place foreign exchange hedges or borrowings with respect to certain foreign currency denominated investments to provide a hedge against foreign exchange exposure.

**Non-U.S. Operations**—We conduct business throughout the world and are continuing to expand into foreign markets. We currently have offices outside the U.S. in Toronto, London, Frankfurt, Madrid, Luxembourg, Mumbai, Delhi, Singapore, Hong Kong and Shanghai and have been strategically growing our international presence. Our fund investments and our revenues are primarily derived from our U.S. operations. With respect to our non-U.S. operations, we are subject to risk of loss from currency fluctuations, social instability, changes in governmental policies or policies of central banks, expropriation, nationalization, unfavorable political and diplomatic developments and changes in legislation relating to non-U.S. ownership. Our funds also invest in the securities of companies which are located in non-U.S. jurisdictions. As we continue to expand globally, we will continue to focus on monitoring and managing these risk factors as they relate to specific non-U.S. investments.

### Sensitivity

**Interest Rate Risk**—Apollo has debt obligations that accrue interest at variable rates. Interest rate changes may therefore affect the amount of our interest payments, future earnings and cash flows. Based on our debt obligations payable as of December 31, 2015 and 2014, we estimate that interest expense would increase on an annual basis, in the event interest rates were to increase by one percentage point, by approximately \$5.3 million and \$5.4 million, respectively.

In addition to our debt obligations, we are also subject to interest rate risk through the investments of our funds. For funds that pay management fees based on NAV or other bases that are sensitive to market value fluctuations, we anticipate our management fees would change consistent with the increase or decrease experienced by the underlying funds' portfolios. In the event that interest rates were to increase by one percentage point, we estimate that management fees earned on a segment basis that were dependent upon estimated fair value would decrease by approximately \$10.9 million during the year ended December 31, 2015.

**Credit Risk**—Similar to interest rate risk, we are also subject to credit risk through the investments of our funds. In the event that credit spreads were to increase by one percentage point, we estimate that management fees earned on a segment basis that were dependent upon estimated fair value would decrease by approximately \$18.3 million during the year ended December 31, 2015.

**Foreign Exchange Risk**—We estimate for the years ended December 31, 2015 and 2014, a 10% decline in the rate of exchange of all foreign currencies against the U.S. dollar would result in the following declines in management fees, carried interest income and income from equity method investments:

	For the Years Ended December 31,	
	2015	2014
Management fees	\$ 2,717	\$ 4,005
Carried interest income	1,953	10,508
Income from equity method investments	22	691

**Net Gains From Investment Activities and Income From Equity Method Investments**—Our assets and unrealized gains, and our related equity and net income are sensitive to changes in the valuations of our funds' underlying investments and could vary materially as a result of changes in our valuation assumptions and estimates. See "Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations—Critical Accounting Policies—Investments, at Fair Value" for details related to the valuation methods that are used and the key assumptions and estimates employed by such methods. We also quantify the Level III investments that are included on our consolidated statements of financial condition by valuation methodology in note 6 to the consolidated financial statements. We employ a variety of valuation methods. Furthermore, the investments that we manage but are not on our consolidated statements of financial condition, and therefore impact carried interest, also employ a variety of valuation methods of which no single methodology is used more than any other. Changes in fair value will have the

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following impacts before a reduction of profit sharing expense and Non-Controlling Interests in the Apollo Operating Group and on a pre-tax basis on our results of operations for the years ended December 31, 2015 and 2014:

**Management Fees**—Management fees from the funds in our credit segment are based on the net asset value of the relevant fund, gross assets, capital commitments or invested capital, each as defined in the respective management agreements. Changes in the fair values of the investments in credit funds that earn management fees based on net asset value or gross assets will have a direct impact on the amount of management fees that are earned. Management fees earned from our credit segment on a segment basis that were dependent upon estimated fair value during the years ended December 31, 2015 and 2014 would decrease by approximately \$50.5 million and \$37.7 million, respectively, if the fair values of the investments held by such funds were 10% lower during the same respective periods.

Management fees for our private equity, real estate and certain credit funds, excluding AAA, generally are charged on either (a) a fixed percentage of committed capital over a stated investment period or (b) a fixed percentage of invested capital of unrealized portfolio investments. Changes in values of investments could indirectly affect future management fees from private equity funds by, among other things, reducing the funds' access to capital or liquidity and their ability to currently pay the management fees or if such change resulted in a write-down of investments below their associated invested capital.

**Carried Interest Income**—Carried interest income from most of our credit, private equity and real estate funds generally is earned based on achieving specified performance criteria and is impacted directly by changes in the fair value of the funds' investments. We anticipate that a 10% decline in the fair values of investments held by all of the credit, private equity and real estate funds at December 31, 2015 and 2014 would decrease carried interest income on a segment basis for the years ended December 31, 2015 and 2014 as presented in the table below:

	For the Years Ended December 31,	
	2015	2014
10% Decline in Fair Value of Investments Held		
Credit	140,461	160,554
Private Equity	202,171	301,705
Real Estate	10,865	12,617

**Net Gains From Investment Activities**—Net gains from investment activities related to the Company's investment in Athene Holding would decrease by approximately \$51.0 million and \$32.4 million for the years ended December 31, 2015 and 2014, respectively, if the fair value of the Company's investment in Athene Holding decreased by 10% during the same respective periods.

**Income From Equity Method Investments**—For select Apollo funds, our share of income from equity method investments as a general partner in such funds is derived from unrealized gains or losses on investments in funds included in the consolidated financial statements. For funds in which we have an interest, but are not included in our consolidated financial statements, our share of investment income is limited to our direct investments in the funds, which ranges from 0.001% to 9.091%.

We anticipate that a 10% decline in the fair value of investments at December 31, 2015 and 2014 would result in an approximate \$63.1 million and \$37.8 million decrease in investment income at the consolidated level, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of  
Apollo Global Management, LLC  
New York, New York

We have audited the accompanying consolidated statements of financial condition of Apollo Global Management, LLC and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2015. We also have audited the Company's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Apollo Global Management, LLC and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ Deloitte & Touche LLP  
New York, New York  
February 29, 2016

**APOLLO GLOBAL MANAGEMENT, LLC**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
**DECEMBER 31, 2015 AND DECEMBER 31, 2014**  
(dollars in thousands, except share data)

	December 31,	
	2015	2014
<b>Assets:</b>		
Cash and cash equivalents	\$ 612,505	\$ 1,204,052
Cash and cash equivalents held at consolidated funds	4,817	1,611
Restricted cash	5,700	6,353
Investments	1,154,749	2,880,006
Assets of consolidated variable interest entities:		
Cash and cash equivalents	56,793	1,088,952
Investments, at fair value	910,566	15,658,653
Other assets	63,413	323,240
Carried interest receivable	643,907	911,666
Due from affiliates	247,835	268,015
Deferred tax assets	646,207	606,717
Other assets	95,844	114,241
Goodwill	88,852	49,243
Intangible assets, net	28,620	60,039
<b>Total Assets</b>	<b>\$ 4,559,808</b>	<b>\$ 23,172,788</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 92,012	\$ 44,246
Accrued compensation and benefits	54,836	59,278
Deferred revenue	177,875	199,614
Due to affiliates	594,536	565,153
Profit sharing payable	295,674	434,852
Debt	1,025,255	1,027,965
Liabilities of consolidated variable interest entities:		
Debt, at fair value	801,270	14,123,100
Other liabilities	85,982	728,718
Other liabilities	43,387	46,401
<b>Total Liabilities</b>	<b>3,170,827</b>	<b>17,229,327</b>
<b>Commitments and Contingencies (see note 16)</b>		
<b>Shareholders' Equity:</b>		
Apollo Global Management, LLC shareholders' equity:		
Class A shares, no par value, unlimited shares authorized, 181,078,937 and 163,046,554 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	—	—
Class B shares, no par value, unlimited shares authorized, 1 share issued and outstanding at December 31, 2015 and December 31, 2014	—	—
Additional paid in capital	2,005,509	2,254,283
Accumulated deficit	(1,348,384)	(1,400,661)
Appropriated partners' capital	—	933,166
Accumulated other comprehensive loss	(7,620)	(306)
Total Apollo Global Management, LLC shareholders' equity	649,505	1,786,482
Non-Controlling Interests in consolidated entities	86,561	3,222,195
Non-Controlling Interests in Apollo Operating Group	652,915	934,784
<b>Total Shareholders' Equity</b>	<b>1,388,981</b>	<b>5,943,461</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 4,559,808</b>	<b>\$ 23,172,788</b>

*See accompanying notes to consolidated financial statements.*

**APOLLO GLOBAL MANAGEMENT, LLC**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**  
(dollars in thousands, except share data)

	For the Years Ended December 31,		
	2015	2014	2013
<b>Revenues:</b>			
Advisory and transaction fees from affiliates, net	\$ 14,186	\$ 315,587	\$ 196,562
Management fees from affiliates	930,194	850,441	674,634
Carried interest income from affiliates	97,290	394,055	2,862,375
<b>Total Revenues</b>	<b>1,041,670</b>	<b>1,560,083</b>	<b>3,733,571</b>
<b>Expenses:</b>			
Compensation and benefits:			
Salary, bonus and benefits	354,524	338,049	294,753
Equity-based compensation	97,676	126,320	126,227
Profit sharing expense	85,229	276,190	1,173,255
<b>Total Compensation and Benefits</b>	<b>537,429</b>	<b>740,559</b>	<b>1,594,235</b>
Interest expense	30,071	22,393	29,260
General, administrative and other	102,255	97,663	98,202
Professional fees	68,113	82,030	83,407
Occupancy	40,219	40,427	39,946
Placement fees	8,414	15,422	42,424
Depreciation and amortization	44,474	45,069	54,241
<b>Total Expenses</b>	<b>830,975</b>	<b>1,043,563</b>	<b>1,941,715</b>
<b>Other Income:</b>			
Net gains from investment activities	121,723	213,243	330,235
Net gains from investment activities of consolidated variable interest entities	19,050	22,564	199,742
Income from equity method investments	14,855	53,856	107,350
Interest income	3,232	10,392	12,266
Other income, net	7,673	60,592	40,114
<b>Total Other Income</b>	<b>166,533</b>	<b>360,647</b>	<b>689,707</b>
Income before income tax provision	377,228	877,167	2,481,563
Income tax provision	(26,733)	(147,245)	(107,569)
<b>Net Income</b>	<b>350,495</b>	<b>729,922</b>	<b>2,373,994</b>
Net income attributable to Non-controlling Interests	(215,998)	(561,693)	(1,714,603)
<b>Net Income Attributable to Apollo Global Management, LLC</b>	<b>\$ 134,497</b>	<b>\$ 168,229</b>	<b>\$ 659,391</b>
Distributions Declared per Class A Share	1.96	3.11	3.95
<b>Net Income Per Class A Share:</b>			
Net Income Available to Class A Share – Basic	\$ 0.61	\$ 0.62	\$ 4.06
Net Income Available to Class A Share – Diluted	\$ 0.61	\$ 0.62	\$ 4.03
Weighted Average Number of Class A Shares Outstanding – Basic	173,271,666	155,349,017	139,173,386
Weighted Average Number of Class A Shares Outstanding – Diluted	173,271,666	155,349,017	142,214,350

*See accompanying notes to consolidated financial statements.*

**APOLLO GLOBAL MANAGEMENT, LLC**  
**CONSOLIDATED STATEMENTS OF**  
**COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**  
**(dollars in thousands, except share data)**

	For the Years Ended December 31,		
	2015	2014	2013
<b>Net Income</b>	\$ 350,495	\$ 729,922	\$ 2,373,994
Other Comprehensive Loss, net of tax:			
Allocation of currency translation adjustment of consolidated CLOs and funds (net of taxes of \$0.9 million, \$0.0 million and \$0.0 million for Apollo Global Management, LLC for the years ended December 31, 2015, 2014 and 2013, respectively, and \$0.0 million, \$0.0 million and \$0.0 million for Non-Controlling Interests in Apollo Operating Group for the years ended December 31, 2015, 2014 and 2013, respectively)	(13,535)	724	—
Net gain (loss) from change in fair value of cash flow hedge instruments	105	(990)	—
Net loss on available-for-sale securities	(904)	(2)	(8)
Total Other Comprehensive Loss, net of tax	(14,334)	(268)	(8)
<b>Comprehensive Income</b>	<b>336,161</b>	<b>729,654</b>	<b>2,373,986</b>
Comprehensive Income attributable to Non-Controlling Interests	(208,978)	(631,831)	(1,564,710)
<b>Comprehensive Income Attributable to Apollo Global Management, LLC</b>	<b>\$ 127,183</b>	<b>\$ 97,823</b>	<b>\$ 809,276</b>

*See accompanying notes to consolidated financial statements.*

**APOLLO GLOBAL MANAGEMENT, LLC  
CONSOLIDATED STATEMENTS OF CHANGES  
IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013  
(dollars in thousands, except share data)**

Apollo Global Management, LLC Shareholders										
	Class A Shares	Class B Shares	Additional Paid in Capital	Accumulated Deficit	Appropriated Partners' Capital	Accumulated Other Comprehensive Loss	Total Apollo Global Management, LLC Shareholders' Equity	Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Apollo Operating Group	Total Shareholders' Equity
<b>Balance at January 1, 2013</b>	130,053,993	1	\$ 3,043,334	\$ (2,142,020)	\$ 1,765,360	\$ 144	\$ 2,666,818	\$ 1,893,212	\$ 1,143,353	\$ 5,703,383
Dilution impact of issuance of Class A shares	—	—	4,865	—	—	—	4,865	—	—	4,865
Capital increase related to equity-based compensation	—	—	104,935	—	—	—	104,935	—	19,163	124,098
Capital contributions	—	—	—	—	—	—	—	689,172	—	689,172
Distributions	—	—	(650,189)	—	(334,215)	—	(984,404)	(159,573)	(975,488)	(2,119,465)
Distributions related to deliveries of Class A shares for RSUs	5,181,389	—	37,263	(85,858)	—	—	(48,595)	—	—	(48,595)
Purchase of AAA units	—	—	—	—	—	—	—	(62,326)	—	(62,326)
Net transfers of AAA ownership interest to (from) Non-Controlling Interests in consolidated entities	—	—	(2,226)	—	—	—	(2,226)	2,226	—	—
Satisfaction of liability related to AAA RDUs	—	—	1,205	—	—	—	1,205	—	—	1,205
Exchange of AOG Units for Class A shares	11,045,402	—	85,395	—	—	—	85,395	—	(62,996)	22,399
Net income	—	—	—	659,391	149,934	—	809,325	307,019	1,257,650	2,373,994
Net gain (loss) on available-for-sale securities (from equity method investment)	—	—	—	—	—	(49)	(49)	—	41	(8)
<b>Balance at December 31, 2013</b>	<b>146,280,784</b>	<b>1</b>	<b>\$ 2,624,582</b>	<b>\$ (1,568,487)</b>	<b>\$ 1,581,079</b>	<b>\$ 95</b>	<b>\$ 2,637,269</b>	<b>\$ 2,669,730</b>	<b>\$ 1,381,723</b>	<b>\$ 6,688,722</b>
Dilution impact of issuance of Class A shares	—	—	5,267	—	—	—	5,267	—	—	5,267
Capital increase related to equity-based compensation	—	—	108,871	—	—	—	108,871	—	—	108,871
Capital contributions	—	—	—	—	135,356	—	135,356	936,915	—	1,072,271
Distributions	—	—	(555,532)	—	(713,264)	—	(1,268,796)	(615,301)	(816,412)	(2,700,509)
Distributions related to deliveries of Class A shares for RSUs	10,491,649	—	27,899	(403)	—	—	27,496	—	—	27,496
Purchase of AAA units	—	—	—	—	—	—	—	(312)	—	(312)
Net transfers of AAA ownership interest to (from) Non-Controlling Interests in consolidated entities	—	—	(3,423)	—	—	—	(3,423)	3,423	—	—
Satisfaction of liability related to AAA RDUs	—	—	1,183	—	—	—	1,183	—	—	1,183
Exchange of AOG Units for Class A shares	6,274,121	—	45,436	—	—	—	45,436	—	(34,618)	10,818
Net income	—	—	—	168,229	(70,729)	—	97,500	227,740	404,682	729,922
Allocation of currency translation adjustment of consolidated CLO entities	—	—	—	—	724	—	724	—	—	724
Change in cash flow hedge instruments	—	—	—	—	—	(399)	(399)	—	(591)	(990)
Net loss on available-for-sale securities (from equity method investment)	—	—	—	—	—	(2)	(2)	—	—	(2)
<b>Balance at December 31, 2014</b>	<b>163,046,554</b>	<b>1</b>	<b>\$ 2,254,283</b>	<b>\$ (1,400,661)</b>	<b>\$ 933,166</b>	<b>\$ (306)</b>	<b>\$ 1,786,482</b>	<b>\$ 3,222,195</b>	<b>\$ 934,784</b>	<b>\$ 5,943,461</b>
Cumulative effect adjustment from adoption of accounting principles	—	—	1,771	(3,350)	(933,166)	—	(934,745)	(3,134,518)	—	(4,069,263)
Dilution impact of issuance of Class A shares	—	—	3,588	—	—	—	3,588	—	—	3,588
Capital increase related to equity-based compensation	—	—	67,959	—	—	—	67,959	—	—	67,959
Capital contributions	—	—	—	—	—	—	—	5,916	—	5,916
Distributions	—	—	(367,894)	—	—	—	(367,894)	(21,317)	(453,324)	(842,535)
Distributions related to deliveries of Class A shares for RSUs and restricted shares	11,521,762	—	6,276	(78,870)	—	—	(72,594)	—	—	(72,594)
Exchange of AOG Units for Class A shares	6,510,621	—	39,526	—	—	—	39,526	—	(23,238)	16,288
Net income	—	—	—	134,497	—	—	134,497	21,364	194,634	350,495
Allocation of currency translation adjustment of consolidated CLOs and fund entities	—	—	—	—	—	(6,456)	(6,456)	(7,079)	—	(13,535)
Change in cash flow hedge instruments	—	—	—	—	—	46	46	—	59	105
Net loss on available-for-sale securities (from equity method investment)	—	—	—	—	—	(904)	(904)	—	—	(904)
<b>Balance at December 31, 2015</b>	<b>181,078,937</b>	<b>1</b>	<b>\$ 2,005,509</b>	<b>\$ (1,348,384)</b>	<b>\$ —</b>	<b>\$ (7,620)</b>	<b>\$ 649,505</b>	<b>\$ 86,561</b>	<b>\$ 652,915</b>	<b>\$ 1,388,981</b>

*See accompanying notes to consolidated financial statements.*





**APOLLO GLOBAL MANAGEMENT, LLC**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**  
(dollars in thousands, except share data)

	For the Years Ended December 31,		
	2015	2014	2013
<b>Cash Flows from Operating Activities:</b>			
Net income	\$ 350,495	\$ 729,922	\$ 2,373,994
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Equity-based compensation	97,676	126,320	126,227
Non-cash management fees	(27,066)	(16,738)	—
Depreciation and amortization	44,474	45,069	54,241
Unrealized (gains) losses from investment activities	(122,426)	(21,726)	12,962
Cash distributions of earnings from equity method investments	30,931	83,656	109,076
Income from equity method investments	(14,855)	(53,856)	(107,350)
Excess tax benefits from share-based payment arrangements	(1,234)	(27,899)	(37,263)
Deferred taxes, net	26,431	80,356	62,701
Other non-cash amounts included in net income, net	(21,912)	(1,223)	49,326
Changes in assets and liabilities:			
Carried interest receivable	303,296	1,375,409	(408,819)
Due from affiliates	1,500	(252,339)	(130,525)
Other assets	16,275	(24,868)	6,250
Accounts payable and accrued expenses	49,403	33,986	34,034
Accrued compensation and benefits	(9,916)	16,185	(17,244)
Deferred revenue	(18,370)	(79,865)	27,322
Due to affiliates	12,521	(97,521)	(44,223)
Profit sharing payable	(122,632)	(518,003)	141,225
Other liabilities	(2,281)	6,889	(5,822)
Apollo Funds related:			
Net realized gains from investment activities	(6,988)	(79,277)	(87,881)
Net unrealized (gains) losses from investment activities	(8,392)	113,423	(309,138)
Net realized gains on debt	—	(101,745)	(137,098)
Net unrealized (gains) losses on debt	(3,057)	(809)	232,510
Distributions from investment activities	—	—	66,796
Change in cash held at consolidated variable interest entities	256,623	(13,813)	587,526
Purchases of investments	(521,205)	(10,330,057)	(9,841,763)
Proceeds from sale of investments and liquidating distributions	409,218	8,509,361	8,422,195
Change in other assets	(24,428)	(43,521)	19,260
Change in other liabilities	(111,408)	169,767	(64,061)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 582,673</b>	<b>\$ (372,917)</b>	<b>\$ 1,134,458</b>
<b>Cash Flows from Investing Activities:</b>			
Purchases of fixed assets	\$ (6,203)	\$ (5,949)	\$ (7,577)
Proceeds from disposals of fixed assets	—	115	2,282
Proceeds from sale of investments	25,000	50,000	—
Purchase of investments	(25,000)	—	—
Cash contributions to equity method investments	(234,382)	(109,923)	(98,422)
Cash distributions from equity method investments	61,576	76,343	107,208
Change in restricted cash	653	2,846	(840)
Issuance of employee loans	(25,000)	—	—
Other investing activities	420	—	—
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>\$ (202,936)</b>	<b>\$ 13,432</b>	<b>\$ 2,651</b>
<b>Cash Flows from Financing Activities:</b>			
Principal repayments of debt	\$ —	\$ (250,000)	\$ (737,818)
Issuance of debt	—	533,956	750,000
Issuance costs	—	(5,478)	(7,750)

Net loss related to cash flow hedge instruments	—	(1,051)	—
Satisfaction of tax receivable agreement	(48,420)	(32,032)	(30,403)
Satisfaction of contingent obligations	(15,743)	(37,271)	(67,535)
Purchases of equity securities	(3,120)	—	—
Distributions related to deliveries of Class A shares for RSUs	(78,870)	(403)	(85,858)
Distributions paid to Non-Controlling Interests in consolidated entities	(12,102)	(19,425)	(12,171)
Contributions from Non-Controlling Interests in consolidated entities	147	2,001	273
Distributions paid	(354,434)	(506,043)	(584,465)
Distributions paid to Non-Controlling Interests in Apollo Operating Group	(453,324)	(816,412)	(975,488)
Excess tax benefits from share-based payment arrangements	1,234	27,899	37,263
Apollo Funds related:			
Issuance of debt	—	4,225,451	2,747,033
Principal repayment of debt	—	(2,371,499)	(2,218,060)
Purchase of AAA units	—	(312)	(62,326)
Distributions paid	—	(703,041)	(334,215)
Distributions paid to Non-Controlling Interests in consolidated variable interest entities	(9,215)	(450,419)	(147,402)
Contributions from Non-Controlling Interests in consolidated variable interest entities	5,769	889,690	688,899
Subscriptions received in advance	—	—	35,000
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>\$ (968,078)</b>	<b>\$ 485,611</b>	<b>\$ (1,005,023)</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(588,341)</b>	<b>126,126</b>	<b>132,086</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>1,205,663</b>	<b>1,079,537</b>	<b>947,451</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 617,322</b>	<b>\$ 1,205,663</b>	<b>\$ 1,079,537</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>			
Interest paid	\$ 32,270	\$ 22,191	\$ 43,760
Interest paid by consolidated variable interest entities	17,574	157,812	120,149
Income taxes paid	7,922	57,276	9,233
<b>Supplemental Disclosure of Non-Cash Investing Activities:</b>			
Non-cash contributions to equity method investments	\$ 36,634	\$ —	\$ —
Non-cash distributions from equity method investments	(7,724)	(6,720)	(1,303)
Transfer of fixed assets held for sale	—	—	6,486
<b>Supplemental Disclosure of Non-Cash Financing Activities:</b>			
Declared and unpaid distributions	\$ (13,460)	\$ (49,489)	\$ (65,724)
Non-cash distributions from Non-Controlling Interests in consolidated entities to Appropriated Partners' Capital	—	(135,356)	—
Non-cash contributions from Non-Controlling Interests in Apollo Operating Group related to equity-based compensation	—	—	19,163
Capital increases related to equity-based compensation	67,959	108,871	104,935
Other non-cash financing activities	3,559	6,448	6,021
<b>Adjustments related to exchange of Apollo Operating Group units:</b>			
Deferred tax assets	\$ 61,720	\$ 58,696	\$ 149,327
Due to affiliates	(45,432)	(47,878)	(126,928)
Additional paid in capital	(16,288)	(10,818)	(22,399)
Non-Controlling Interest in Apollo Operating Group	23,238	34,618	62,996
<b>Net Assets Deconsolidated from Consolidated Variable Interest Entities and Funds:</b>			
Cash and cash equivalents	\$ 760,491	\$ —	\$ —
Investments, at fair value	16,930,227	—	—
Other Assets	280,428	—	—
Debt, at fair value	(13,229,570)	—	—
Other liabilities	(529,080)	—	—
Non-Controlling Interests in consolidated entities	(3,134,518)	—	—
Appropriated partners' capital	(929,708)	—	—

See accompanying notes to consolidated financial statements.

**APOLLO GLOBAL MANAGEMENT, LLC**  
**NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
(dollars in thousands, except share data, except where noted)

**1. ORGANIZATION AND BASIS OF PRESENTATION**

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

- **Private equity**—primarily invests in control equity and related debt instruments, convertible securities and distressed debt investments;
- **Credit**—primarily invests in non-control corporate and structured debt instruments including performing, stressed and distressed investments across the capital structure; and
- **Real estate**—primarily invests in real estate equity for the acquisition and recapitalization of real estate assets, portfolios, platforms and operating companies, and real estate debt including first mortgage and mezzanine loans, preferred equity and commercial mortgage backed securities.

**Basis of Presentation**

The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). The consolidated financial statements include the accounts of the Company, its wholly-owned or majority-owned subsidiaries, the consolidated entities which are considered to be variable interest entities (“VIEs”) and for which the Company is considered the primary beneficiary, and certain entities which are not considered VIEs but which the Company controls through a majority voting interest. Intercompany accounts and transactions have been eliminated upon consolidation.

Certain reclassifications, when applicable, have been made to the prior period’s consolidated financial statements and notes to conform to the current period’s presentation and are disclosed accordingly.

**Organization of the Company**

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

As of December 31, 2015, the Company owned, through five intermediate holding companies that include APO Corp., a Delaware corporation that is a domestic corporation for U.S. federal income tax purposes, APO Asset Co., LLC, a Delaware limited liability company that is a disregarded entity for U.S. federal income tax purposes, APO (FC), LLC, an Anguilla limited liability company that is treated as a corporation for U.S. federal income tax purposes, APO (FC II), LLC, an Anguilla limited liability company that is treated as a corporation for U.S. federal income tax purposes and APO UK (FC), LLC, an Anguilla limited liability company that is treated as a corporation for U.S. federal income tax purposes (collectively, the “Intermediate Holding Companies”), 45.6% of the economic interests of, and operated and controlled all of the businesses and affairs of, the Apollo Operating Group through its wholly-owned subsidiaries.

AP Professional Holdings, L.P., a Cayman Islands exempted limited partnership (“Holdings”), is the entity through which the Managing Partners and certain of the Company’s other partners (the “Contributing Partners”) indirectly beneficially own interests in each of the partnerships that comprise the Apollo Operating Group (“AOG Units”). As of December 31, 2015, Holdings owned the remaining 54.4% of the economic interests in the Apollo Operating Group. The Company consolidates the financial results of the Apollo Operating Group and its consolidated subsidiaries. Holdings’ ownership interest in the Apollo Operating Group is reflected as a Non-Controlling Interest in the accompanying consolidated financial statements.

Pursuant to an exchange agreement between Apollo, Holdings and the other parties thereto (as amended, the “Exchange Agreement”), the holders of the AOG Units (and certain permitted transferees thereof) may, upon notice and subject to the applicable vesting and minimum retained ownership requirements, transfer restrictions and other terms of the Exchange Agreement, exchange

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their AOG Units for the Company's Class A shares on a one-for-one basis a limited number of times each year, subject to customary conversion rate adjustments for splits, distributions and reclassifications. Pursuant to the Exchange Agreement, a holder of AOG Units must simultaneously exchange one partnership unit in each of the Apollo Operating Group partnerships to effectuate an exchange for one Class A share. As a holder exchanges its AOG Units, the Company's indirect interest in the Apollo Operating Group is correspondingly increased.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Principles of Consolidation**—The types of entities with which Apollo is involved generally include subsidiaries (e.g., general partners and management companies related to the funds the Company manages), entities that have all the attributes of an investment company (e.g., funds) and securitization vehicles (e.g., collateralized loan obligations). Each of these entities is assessed for consolidation on a case by case basis depending on the specific facts and circumstances surrounding that entity.

In February 2015, the Financial Accounting Standards Board ("FASB") issued new consolidation guidance which changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period, and adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The Company has elected to adopt this new guidance using the modified retrospective method, which results in an effective date of adoption of January 1, 2015. Restatement of prior period results is not required. Amounts presented for the year ended December 31, 2015 in the consolidated statements of operations reflect the adoption of this accounting guidance as of January 1, 2015.

Pursuant to the new consolidation guidance, the Company first evaluates whether it holds a variable interest in an entity. Fees that are customary and commensurate with the level of services provided, and where the Company doesn't hold other economic interests in the entity that would absorb more than an insignificant amount of the expected losses or returns of the entity, would not be considered a variable interest. Apollo factors in all economic interests including proportionate interests through related parties, to determine if fees are considered a variable interest. As Apollo's interests in many of these entities are solely through carried interests, performance fees, and/or insignificant indirect interests through related parties, Apollo is not considered to have a variable interest in many of these entities under the new guidance and no further consolidation analysis is performed. Prior to adoption of the new consolidation guidance, fees received by the Company for investment management services (e.g. carried interests and performance fees) were considered variable interests. For the remaining entities where the Company has determined that it does hold a variable interest, the Company performs an assessment to determine whether each of those entities qualify as a VIE.

An entity is considered a VIE if any one of the following conditions exist: (a) the total equity investment at risk is not sufficient to permit the legal entity to finance its activities without additional subordinated financial support, (b) the holders of equity investment at risk (as a group) lack either the direct or indirect ability through voting rights or similar rights to make decisions about a legal entity's activities that have a significant effect on the success of the legal entity or the obligation to absorb the expected losses or right to receive the expected residual returns, or (c) the voting rights of some investors are disproportionate to their obligation to absorb the expected losses of the legal entity, their rights to receive the expected residual returns of the legal entity, or both and substantially all of the legal entity's activities either involve or are conducted on behalf of an investor with disproportionately few voting rights. Under the new guidance, for limited partnerships and other similar entities, unaffiliated investors must be granted rights to either dissolve the fund or remove the general partner ("kick-out rights") in order to not qualify as a VIE under condition (b) above. Entities that do not qualify as VIEs are generally assessed for consolidation as voting interest entities ("VOEs") under the voting interest model.

Under the voting interest model, Apollo consolidates those entities it controls through a majority voting interest. Apollo does not consolidate those VOEs in which substantive kick-out rights have been granted to the unaffiliated investors to either dissolve the fund or remove the general partner.

As previously indicated, the consolidation assessment, including the determination as to whether an entity qualifies as a VIE depends on the facts and circumstances surrounding each entity and therefore certain of Apollo's funds may qualify as VIEs whereas others may qualify as VOEs. The granting of substantive kick-out rights is a key consideration in determining whether a limited partnership or similar entity is a VIE and whether or not that entity should be consolidated. For example, when the unaffiliated holders of equity investment at risk of a fund (assumed to be limited partnerships or similar entities) with sufficient equity to permit the fund to finance its activities without additional subordinated financial support are not granted substantive kick-out rights the fund is determined to be a VIE. Alternatively, when the unaffiliated holders of equity investment at risk are

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granted substantive kick-out rights, the fund is generally determined to be a VOE. Prior to adoption of the new guidance, in certain cases where the Company held a substantive equity investment at risk in the fund, the fund may have been determined to be a VOE even though substantive kick-out rights were not granted to the unaffiliated holders of equity investment at risk. Under the new guidance for limited partnerships or similar entities, unaffiliated investors must have kick-out rights to be considered a VOE.

If the entity is determined to be a VIE under the conditions above, the Company assesses whether the entity should be consolidated by determining if Apollo is the primary beneficiary of the entity. Prior to adoption of the new consolidation guidance, this analysis differed depending on the type of VIE being assessed and which consolidation model was applied. For VIEs that qualified for the deferral of the then amended consolidation rules (i.e. investment company entities), Apollo was determined to be the primary beneficiary when its interests, through holding interests directly or indirectly in the VIE or contractually through other variable interests (e.g., carried interest and performance fees), would be expected to absorb a majority of the VIE's expected losses, receive a majority of the VIE's expected residual returns, or both. In cases where two or more Apollo related parties held a variable interest in a VIE, and the aggregate variable interest held by those parties would, if held by a single party, identify that party as the primary beneficiary, then the Company was determined to be the primary beneficiary to the extent it was the party within the related party group that was most closely associated with the VIE.

For VIEs that did not qualify for the deferral, such as Apollo's CLOs which applied the then amended consolidation rules, the Company was determined to be the primary beneficiary if it held a controlling financial interest defined as possessing both (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. Under the new guidance, for all VIEs including investment company entities that previously met the deferral requirements, the Company is only determined to be the Primary Beneficiary when it has a controlling financial interest as defined above. Prior to adoption of the new guidance, when Apollo alone was not considered to have a controlling financial interest but Apollo and its related parties on an aggregate basis did have a controlling financial interest, an analysis regarding which party was most closely associated with the VIE was performed. Under the new guidance, determining which party is more closely associated with an entity is only performed when the related party group that has a controlling financial interest, shares power or is under common control. When the related party group holding a controlling financial interest is not under common control, then Apollo would only be deemed to be the primary beneficiary if substantially all the activities of the entity are performed on behalf of Apollo.

Apollo continues to determine whether it is the primary beneficiary of a VIE at the time it becomes initially involved with the VIE and reconsiders that conclusion continuously. Investments and redemptions (either by Apollo, affiliates of Apollo or third parties) or amendments to the governing documents of the respective entity may affect an entity's status as a VIE or the determination of the primary beneficiary.

The assessment of whether an entity is a VIE and the determination of whether Apollo should consolidate such VIE requires judgment. Under both the previous and the new guidance, those judgments include, but are not limited to: (i) determining whether the total equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support, (ii) evaluating whether the holders of equity investment at risk, as a group, can make decisions that have a significant effect on the success of the entity, (iii) determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive the expected residual returns from an entity, and (iv) evaluating the nature of the relationship and activities of the parties involved in determining which party within a related-party group (only for those related parties with shared power or under common control under the new guidance) is most closely associated with the VIE. Judgments are also made in determining whether a member in the equity group has a controlling financial interest including power to direct activities that most significantly impact the VIEs' economic performance and rights to receive benefits or obligations to absorb losses that could be potentially significant to the VIE. This analysis includes interests through related parties. Prior to adoption of the new guidance, where the VIEs had qualified for the deferral, judgments were made in estimating cash flows to evaluate which member within the equity group absorbed a majority of the expected losses or residual returns of the VIE.

Assets and liabilities of the consolidated VIEs are shown in separate sections within the consolidated statements of financial condition as of December 31, 2015 and 2014.

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

**Cash and Cash Equivalents**—Apollo considers all highly liquid short-term investments with original maturities of 90 days or less when purchased to be cash equivalents. Substantially all amounts are on deposit in interest-bearing accounts with major financial institutions and exceed insured limits.

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**Restricted Cash**—Restricted cash represents cash deposited at a bank, which is pledged as collateral in connection with leased premises.

**Deferred Revenue**—Apollo earns management fees subject to the Management Fee Offset. When advisory and transaction fees are earned by the management company, the Management Fee Offset reduces the management fee obligation of the fund. When the management company receives cash for advisory and transaction fees, a certain percentage of such advisory and/or transaction fees, as applicable, is allocated as a credit to reduce future management fees, otherwise payable by such fund. Such credit is classified as deferred revenue in the consolidated statements of financial condition. A portion of any excess advisory and transaction fees may be required to be returned to the limited partners of certain funds upon such fund's liquidation. As the management fees earned by the management company are presented on a gross basis, any Management Fee Offsets calculated are presented as a reduction to advisory and transaction fees from affiliates in the consolidated statements of operations.

Additionally, Apollo earns advisory fees pursuant to the terms of the advisory agreements with certain of the portfolio companies that are owned by the funds. When Apollo receives a payment from a portfolio company that exceeds the advisory fees earned at that point in time, the excess payment is classified as deferred revenue in the consolidated statements of financial condition. The advisory agreements with the portfolio companies vary in duration and the associated fees are received monthly, quarterly or annually. Deferred revenue is reversed and recognized as revenue over the period that the agreed upon services are performed.

Under the terms of the funds' partnership agreements, Apollo is normally required to bear organizational expenses over a set dollar amount and placement fees or costs in connection with the offering and sale of interests in the funds to investors. The placement fees are payable to placement agents, who are independent third parties that assist in identifying potential investors, securing commitments to invest from such potential investors, preparing or revising offering and marketing materials, developing strategies for attempting to secure investments by potential investors and/or providing feedback and insight regarding issues and concerns of potential investors, when a limited partner either commits or funds a commitment to a fund. In certain instances the placement fees are paid over a period of time. Based on the management agreements with the funds, Apollo considers placement fees and organizational costs paid in determining if cash has been received in excess of the management fees earned. Placement fees and organizational costs are normally the obligation of Apollo but can be paid for by the funds. When these costs are paid by the fund, the resulting obligations are included within deferred revenue. The deferred revenue balance will also be reduced during future periods when management fees are earned but not paid.

**Due from/to Affiliates**—Apollo considers its existing partners, employees, certain former employees, portfolio companies of the funds and nonconsolidated private equity, credit and real estate funds to be affiliates or related parties.

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

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

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



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*Level III*—Pricing inputs are unobservable for the investment and includes situations where there is little observable market activity for the investment. The inputs into the determination of fair value may require significant management judgment or estimation. Investments that are included in this category generally include general and limited partner interests in corporate private equity and real estate funds, opportunistic credit funds, distressed debt and non-investment grade residual interests in securitizations and CDOs and CLOs where the fair value is based on observable inputs as well as unobservable inputs. When a security is valued based on broker quotes, the Company subjects those quotes to various criteria in making the determination as to whether a particular investment would qualify for treatment as a Level II or Level III investment. These criteria include, but are not limited to, the number and quality of the broker quotes, the standard deviations of the observed broker quotes, and the percentage deviation from independent pricing services.

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

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

On a quarterly basis, Apollo utilizes valuation committees consisting of members from senior management, to review and approve the valuation results related to the investments of the funds it manages. For certain publicly traded vehicles, a review is performed by an independent board of directors. The Company also retains independent valuation firms to provide third-party valuation consulting services to Apollo, which consist of certain limited procedures that management identifies and requests them to perform. The limited procedures provided by the independent valuation firms assist management with validating their valuation results or determining fair value. The Company performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analyses. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

**Equity Method Investments**—For investments in entities over which the Company exercises significant influence but which do not meet the requirements for consolidation and for which the Company has not elected the fair value option, the Company uses the equity method of accounting, whereby the Company records its share of the underlying income or loss of such entities. The carrying amounts of equity method investments are reflected in investments in the consolidated statements of financial condition. As the underlying entities that the Company manages and invests in are, for U.S. GAAP purposes, primarily investment companies which reflect their investments at estimated fair value, the carrying value of the Company's equity method investments in such entities approximates fair value.

**Private Equity Investments**

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

Valuation approaches used to estimate the fair value of investments that are less liquid include the market approach and the income approach. The market approach provides an indication of fair value based on a comparison of the subject company to comparable publicly traded companies and transactions in the industry. The market approach is driven more by current market conditions, including actual trading levels of similar companies and, to the extent available, actual transaction data of similar companies. Judgment is required by management when assessing which companies are similar to the subject company being valued. Consideration may also be given to such factors as the Company's historical and projected financial data, valuations given to comparable companies, the size and scope of the Company's operations, the Company's strengths, weaknesses, expectations relating to the market's receptivity to an offering of the Company's securities, applicable restrictions on transfer, industry and market information and assumptions, general economic and market conditions and other factors deemed relevant. The income approach provides an indication of fair value based on the present value of cash flows that a business or security is expected to generate in the future. The most widely used methodology in the income approach is a discounted cash flow method. Inherent in the discounted cash flow method are assumptions of expected results and a calculated discount rate.



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***Credit Investments***

The majority of investments in Apollo's credit funds are valued based on quoted market prices and valuation models. Quoted market prices are valued based on the average of the "bid" and the "ask" quotes provided by multiple brokers wherever possible without any adjustments. Apollo will designate certain brokers to use to value specific securities. In order to determine the designated brokers, Apollo considers the following: (i) brokers with which Apollo has previously transacted, (ii) the underwriter of the security and (iii) active brokers indicating executable quotes. In addition, when valuing a security based on broker quotes wherever possible Apollo tests the standard deviation amongst the quotes received and the variance between the concluded fair value and the value provided by a pricing service. When broker quotes are not available Apollo considers the use of pricing service quotes or other sources to mark a position. When relying on a pricing service as a primary source, (i) Apollo analyzes how the price has moved over the measurement period (ii) reviews the number of brokers included in the pricing service's population and (iii) validates the valuation levels with Apollo's pricing team and traders.

Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value utilizing a model based approach to determine fair value. When determining fair value when no observable market value exists, the value attributed to an investment is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation approaches used to estimate the fair value of illiquid credit investments also may include the market approach and the income approach, as previously described above. The valuation approaches used consider, as applicable, market risks, credit risks, counterparty risks and foreign currency risks.

The credit funds also enter into foreign currency exchange contracts, total return swap contracts, credit default swap contracts, and other derivative contracts, which may include options, caps, collars and floors. Foreign currency exchange contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. If securities are held at the end of this period, the changes in value are recorded in income as unrealized. Realized gains or losses are recognized when contracts are settled. Total return swap and credit default swap contracts are recorded at fair value as an asset or liability with changes in fair value recorded as unrealized appreciation or depreciation. Realized gains or losses are recognized at the termination of the contract based on the difference between the close-out price of the total return or credit default swap contract and the original contract price. Forward contracts are valued based on market rates obtained from counterparties or prices obtained from recognized financial data service providers.

***Real Estate Investments***

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

***Fair Value of Financial Instruments***

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Except for the Company's debt obligations (as described in note 12), Apollo's financial instruments are recorded at fair value or at amounts whose carrying values approximate fair value. See "Investments, at Fair Value" above. While Apollo's valuations of portfolio investments are based on assumptions that Apollo believes are reasonable under the circumstances, the actual realized gains or losses will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based. Financial instruments' carrying values generally approximate fair value because of the short-term nature of those instruments or variable interest rates related to the borrowings.

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**Fair Value Option**—Apollo has elected the fair value option for the Company’s investment in Athene Holding Ltd. (“Athene Holding” and, together with its subsidiaries, “Athene”) and for the assets and liabilities of the consolidated VIEs. Such election is irrevocable and is applied to financial instruments on an individual basis at initial recognition. Apollo has applied the fair value option for certain corporate loans, other investments and debt obligations held by the consolidated VIEs that otherwise would not have been carried at fair value. See notes 4, 5, and 6 for further disclosure on the investments in Athene Holding and financial instruments of the consolidated VIEs for which the fair value option has been elected.

**Financial Instruments held by Consolidated VIEs**

The Company has adopted the measurement alternative included in the new collateralized financing entity (“CFE”) guidance. In applying the amendments introduced by the CFE guidance, the Company used a modified retrospective approach by recording a cumulative-effect adjustment to shareholders’ equity as of January 1, 2015. Amounts presented for the year ended December 31, 2015 in the consolidated statements of operations reflect the adoption of this accounting guidance as of January 1, 2015.

Pursuant to the new CFE guidance, the Company measures both the financial assets and financial liabilities of the consolidated collateralized loan obligations (“CLOs”) in its consolidated financial statements using the more observable of the fair value of the financial assets and the fair value of the financial liabilities. The Company believes the fair value of the financial assets of the consolidated CLOs are more observable than the fair value of the financial liabilities of the consolidated CLOs. As a result, the financial assets of the consolidated CLOs are measured at fair value and the financial liabilities are measured in consolidation as: (i) the sum of the fair value of the financial assets and the carrying value of any non-financial assets that are incidental to the operations of the CLOs less (ii) the sum of the fair value of any beneficial interests retained by the reporting entity (other than those that represent compensation for services) and the Company’s carrying value of any beneficial interests that represent compensation for services. The resulting amount is allocated to the individual financial liabilities (other than the beneficial interest retained by the Company) using a reasonable and consistent methodology. Under the measurement alternative, the Company’s consolidated net income reflects the Company’s own economic interests in the consolidated CLOs including (i) changes in the fair value of the beneficial interests retained by the Company and (ii) beneficial interests that represent compensation for collateral management services.

Prior to the adoption of the new CFE guidance, the Company elected the fair value option for the assets and liabilities of the consolidated CLOs. The Company accounted for the difference between the fair value of the assets and the fair value of the liabilities of the consolidated CLOs in net gains from investment activities of consolidated variable interest entities in the consolidated statements of operations. This amount was attributed to the Company and other beneficial interest holders based on each beneficial holder’s residual interest in the consolidated CLOs. The amount attributed to other beneficial interest holders was reflected in the consolidated statements of operations in net income attributable to Non-Controlling Interests and in the consolidated statements of financial condition in appropriated partners’ capital within shareholders’ equity. The amount was recorded as appropriated partners’ capital since the other holders of the CLOs’ beneficial interests, not the Company, received the benefits or absorbed the losses associated with their proportionate share of the CLOs’ assets and liabilities.

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

The consolidated VIEs also have debt obligations that are recorded at fair value. As previously noted, effective January 1, 2015 with the adoption of the new CFE guidance, the Company measures CLO debt obligations on the basis of the fair value of financial assets of the CLO. Prior to the adoption of the new CFE guidance, the primary valuation methodology used to determine fair value for debt obligations was market quotation. Prices were based on the average of the “bid” and “ask” prices. In the event that market quotations were not available, a model based approach was used. The model based approach used to estimate the fair values of debt obligations for which market quotations were not available was the discounted cash flow method, which includes consideration of the cash flows of the debt obligation based on projected quarterly interest payments and quarterly amortization.

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Debt obligations were discounted based on the appropriate yield curve given the loan's respective maturity and credit rating. Management used its discretion and judgment in considering and appraising relevant factors for determining the valuations of the consolidated VIEs' debt obligations.

***Pending Deal Costs***

Pending deal costs consist of certain costs incurred (e.g. research costs, due diligence costs, professional fees, legal fees and other related items) related to private equity, credit and real estate fund transactions that the Company is pursuing but which have not yet been consummated. These costs are deferred until such transactions are broken or successfully completed. A transaction is determined to be broken upon management's decision to no longer pursue the transaction. In accordance with the related fund agreements, in the event the deal is broken, all of the costs are generally reimbursed by the funds and considered in the calculation of the Management Fee Offset. These offsets are included in advisory and transaction fees from affiliates, net in the Company's consolidated statements of operations. If a deal is successfully completed, Apollo is reimbursed by the fund or a fund's portfolio company for all costs incurred.

***Fixed Assets***

Fixed Assets consist primarily of leasehold improvements, furniture, fixtures and equipment, computer hardware and software and are recorded at cost, net of accumulated depreciation and amortization. Depreciation and amortization is calculated using the straight-line method over the assets' estimated useful lives and in the case of leasehold improvements the lesser of the useful life or the term of the lease. Expenditures for repairs and maintenance are charged to expense when incurred. The Company evaluates long-lived assets for impairment periodically and whenever events or changes in circumstances indicate the carrying amounts of the assets may be impaired. During 2015, presentation of fixed assets was combined with other assets on the consolidated statements of financial condition and the prior period was adjusted to conform to the combined presentation.

***Business Combinations***

The Company accounts for acquisitions using the purchase method of accounting in accordance with U.S. GAAP. Under the purchase method of accounting, the purchase price of an acquisition is allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date.

***Goodwill and Intangible Assets***

Goodwill and indefinite-life intangible assets must be reviewed annually for impairment or more frequently if circumstances indicate impairment may have occurred. Identifiable finite-life intangible assets, by contrast, are amortized over their estimated useful lives, which are periodically re-evaluated for impairment or when circumstances indicate an impairment may have occurred. Apollo amortizes its identifiable finite-life intangible assets using a method of amortization reflecting the pattern in which the economic benefits of the finite-life intangible asset are consumed or otherwise used up. If that pattern cannot be reliably determined, Apollo uses the straight-line method of amortization.

***Profit Sharing Payable***

Profit sharing payable primarily represents the amounts payable to employees and former employees who are entitled to a proportionate share of carried interest income in one or more funds. This portion of the liability is calculated based upon the changes to realized and unrealized carried interest and is therefore not payable until the carried interest itself is realized. Profit sharing payable also includes contingent obligations that were recognized in connection with certain Apollo acquisitions.

***Debt Issuance Costs***

Debt issuance costs consist of costs incurred in obtaining financing and are amortized over the term of the financing using the effective interest method. These costs are recorded as a direct deduction from the carrying amount of the related debt liability on the consolidated statements of financial condition.

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***Foreign Currency***

The Company may, from time to time, hold foreign currency denominated assets and liabilities. Such assets and liabilities are translated using the exchange rates prevailing at the end of each reporting period. The functional currency of the Company's international subsidiaries is the U.S. Dollar, as their operations are considered an extension of U.S. parent operations. Non-monetary assets and liabilities of the Company's international subsidiaries are remeasured into the functional currency using historical exchange rates specific to each asset and liability. The results of the Company's foreign operations are normally remeasured using an average exchange rate for the respective reporting period. All currency remeasurement adjustments are included within other income (loss), net in the consolidated statements of operations. Gains and losses on the settlement of foreign currency transactions are also included within other income (loss), net in the consolidated statements of operations.

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

**Advisory and Transaction Fees from Affiliates, Net**—Advisory and transaction fees, including directors' fees, are recognized when the underlying services rendered are substantially completed in accordance with the terms of the transaction and advisory agreements. Additionally, during the normal course of business, the Company incurs certain costs related to certain transactions that are not consummated ("broken deal costs"). These costs (e.g., research costs, due diligence costs, professional fees, legal fees and other related items) are determined to be broken deal costs upon management's decision to no longer pursue the transaction. In accordance with the related fund agreement, in the event the deal is deemed broken, all of the costs are reimbursed by the funds and then included as a component of the calculation of the Management Fee Offset described below. If a deal is successfully completed, Apollo is reimbursed by the fund or fund's portfolio company for all costs incurred and no offset is generated. As the Company acts as an agent for the funds it manages, any transaction costs incurred and paid by the Company on behalf of the respective funds relating to successful or broken deals are presented net on the Company's consolidated statements of operations, and any receivable from the respective funds is presented in due from affiliates on the consolidated statements of financial condition.

Advisory and transaction fees from affiliates, net, also includes underwriting fees. Underwriting fees include gains, losses and fees, net of syndicate expenses, arising from securities offerings in which one of the Company's subsidiaries participates in the underwriter syndicate. Underwriting fees are recognized at the time the underwriting is completed and the income is reasonably assured and are included in the consolidated statements of operations. Underwriting fees recognized but not received are included in other assets on the consolidated statements of financial condition.

As a result of providing advisory services to certain private equity and credit portfolio companies, Apollo is generally entitled to receive fees for transactions related to the acquisition, in certain cases, and disposition of portfolio companies as well as ongoing monitoring of portfolio company operations and directors' fees. The amounts due from portfolio companies are included in due from affiliates, which is discussed further in note 15. Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds may be subject to a reduction based on a certain percentage of such advisory and transaction fees, net of applicable broken deal costs ("Management Fee Offset"). Advisory and transaction fees from affiliates are presented net of the Management Fee Offset in the consolidated statements of operations.

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

**Carried Interest Income from Affiliates**—Apollo is entitled to an incentive return that can normally amount to as much as 20% of the total returns on a fund's capital, depending upon performance. Performance-based fees are assessed as a percentage of the investment performance of the funds. The carried interest income from affiliates

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for any period is based upon an assumed liquidation of the fund's net assets on the reporting date, and distribution of the net proceeds in accordance with the fund's income allocation provisions. Carried interest receivable is presented separately in the consolidated statements of financial condition. The carried interest income from affiliates may be subject to reversal to the extent that the carried interest income recorded exceeds the amount due to the general partner based on a fund's cumulative investment returns. When applicable, the accrual for potential repayment of previously received carried interest income, which is a component of due to affiliates, represents all amounts previously distributed to the general partner that would need to be repaid to the Apollo funds if these funds were to be liquidated based on the current fair value of the underlying funds' investments as of the reporting date. The actual general partner obligation, however, would not become payable or realized until the end of a fund's life.

***Compensation and Benefits***

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

***Salaries, Bonus and Benefits***—Salaries, bonus and benefits include base salaries, discretionary and non-discretionary bonuses, severance and employee benefits. Bonuses are generally accrued over the related service period.

The Company sponsors a 401(k) savings plan whereby U.S.-based employees are entitled to participate in the plan based upon satisfying certain eligibility requirements. The Company may provide discretionary contributions from time to time. No contributions relating to this plan were made by the Company for the years ended December 31, 2015 and 2014.

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

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

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

***Other Income (Loss)***

***Net Gains (Losses) from Investment Activities***—Net gains (losses) from investment activities include both realized gains and losses and the change in unrealized gains and losses in the Company's investment portfolio between the opening reporting date and the closing reporting date. The consolidated financial statements include the net realized and unrealized gains (losses) of investments, at fair value. For the years ending December 31, 2014 and December 31, 2013, for the Company's investments held by AAA (see notes 4 and 5), a portion of the net gains (losses) from investment activities are attributable to Non-Controlling Interests in the consolidated statements of operations.

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

***Other Income (Loss), Net***—Other income (loss), net includes the recognition of gains (losses) arising from the remeasurement of foreign currency denominated assets and liabilities of foreign subsidiaries, reversal of a portion of the tax receivable agreement liability (see note 15), gains (losses) arising from the remeasurement of derivative instruments associated

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with fees from certain of the Company's affiliates, gains arising from extinguishment of contingent consideration obligations and other miscellaneous non-operating income and expenses.

**Comprehensive Income (Loss)**—U.S. GAAP guidance establishes standards for reporting comprehensive income and its components in a financial statement that is displayed with the same prominence as other financial statements. U.S. GAAP requires that the Company classify items of OCI by their nature in the financial statements and display the accumulated balance of OCI separately in the shareholders' equity section of the Company's consolidated statements of financial condition. Comprehensive income (loss) consists of net income (loss) and OCI. Apollo's OCI is primarily comprised of the effective portion of changes in the fair value of the interest rate swap agreements discussed previously and foreign currency translation adjustments associated with the Company's non-U.S. dollar denominated subsidiaries.

**Income Taxes**—The Apollo Operating Group and its subsidiaries generally operate as partnerships for U.S. Federal income tax purposes. As a result, except as described below, the Apollo Operating Group has not been subject to U.S. income taxes. However, these entities in some cases are subject to New York City unincorporated business taxes ("NYC UBT") and non-U.S. entities, in some cases, are subject to non-U.S. corporate income taxes. In addition, APO Corp., a wholly-owned subsidiary of the Company, is subject to U.S. Federal, state and local corporate income tax, and the Company's provision for income taxes is accounted for in accordance with U.S. GAAP.

Significant judgment is required in determining tax expense and in evaluating tax positions, including evaluating uncertainties. The Company recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. If a tax position is not considered more likely than not to be sustained, then no benefits of the position are recognized. The Company's tax positions are reviewed and evaluated quarterly to determine whether or not the Company has uncertain tax positions that require financial statement recognition.

Deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amount of assets and liabilities and their respective tax basis using currently enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

**Non-Controlling Interests**—For entities that are consolidated, but not 100% owned, a portion of the income or loss and corresponding equity is allocated to owners other than Apollo. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included in Non-Controlling Interests in the consolidated financial statements. As of December 31, 2015, the Non-Controlling Interests relating to Apollo Global Management, LLC primarily include the ownership interest in the Apollo Operating Group held by the Managing Partners and Contributing Partners through their limited partner interests in Holdings and other ownership interests in consolidated entities. Non-Controlling Interests also include limited partner interests of Apollo managed funds in certain consolidated VIEs.

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

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

Whether during a period of net income or net loss, under the two-class method the remaining earnings are allocated to Class A shares and participating securities to the extent that each security shares in earnings as if all of the earnings for the



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period had been distributed. Earnings or losses allocated to each class of security are then divided by the applicable weighted average outstanding shares to arrive at basic earnings per share. For the diluted earnings, the denominator includes all outstanding Class A shares and includes the number of additional Class A shares that would have been outstanding if the dilutive potential Class A shares had been issued. The numerator is adjusted for any changes in income or loss that would result from the issuance of these potential Class A shares.

**Use of Estimates**—The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Apollo's most significant estimates include goodwill, intangible assets, income taxes, carried interest income from affiliates, contingent consideration obligations related to acquisitions, non-cash compensation, and fair value of investments and debt. Actual results could differ materially from those estimates.

**Recent Accounting Pronouncements**

In April 2014, the FASB issued guidance to improve the definition of discontinued operations. The new definition limits discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. The guidance is effective for all disposals (or classifications as held for sale) of components of an entity and all businesses or nonprofit activities that, on acquisition, are classified as held for sale that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In May 2014, the FASB issued guidance to establish a comprehensive and converged standard on revenue recognition to enable financial statement users to better understand and consistently analyze an entity's revenue across industries, transactions, and geographies. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. As such, this new guidance could impact the timing of revenue recognition. The new guidance also requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The new guidance will apply to all entities. In August 2015, FASB issued its final standard formally amending the effective date of the new revenue recognition guidance. The amended guidance defers the effective date of the new guidance to interim reporting periods within annual reporting periods beginning after December 15, 2017. Entities are permitted to apply the new guidance early, but not before the original effective date (i.e., interim periods within annual periods beginning after December 15, 2016). The Company is in the process of evaluating the impact that this guidance will have on its consolidated financial statements, including the timing of the recognition of carried interest income.

In June 2014, the FASB issued guidance to resolve diversity in practice in the accounting for share-based payments where the terms of an award provide that a performance target could be achieved after the requisite service period. The new guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition and therefore should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2015. Early application is permitted. The Company adopted this guidance as of December 31, 2015. The early adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In August 2014, the FASB issued guidance to eliminate diversity in practice in the accounting for measurement differences in both the initial consolidation and subsequent measurement of the financial assets and the financial liabilities of a collateralized financing entity. A reporting entity that consolidates a collateralized financing entity within the scope of the new guidance may elect to measure the financial assets and the financial liabilities of that collateralized financing entity using either the measurement alternative included in the new guidance or the existing guidance on fair value measurement. When a reporting entity elects the measurement alternative included in the new guidance for a collateralized financing entity, the reporting entity should measure both the financial assets and the financial liabilities of that collateralized financing entity in its consolidated financial statements using the more observable of the fair value of the financial assets and the fair value of the financial liabilities. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2015. Early adoption is permitted. As noted earlier, the Company adopted this guidance on a modified retrospective basis by recording a cumulative-effect adjustment to shareholders' equity as of January 1, 2015.

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In August 2014, the FASB issued guidance regarding management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The new guidance requires that management evaluate each annual and interim reporting period whether conditions exist that give rise to substantial doubt about the entity's ability to continue as a going concern within one year from the financial statement issuance date, and if so, provide related disclosures. Substantial doubt exists when conditions and events, considered in the aggregate, indicate that it is probable that a company will be unable to meet its obligations as they become due within one year after the financial statement issuance date. The new guidance applies to all companies. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2016. Early adoption is permitted. This guidance is not expected to have an impact on the consolidated financial statements of the Company.

In November 2014, the FASB issued guidance to clarify how current U.S. GAAP should be interpreted in evaluating the economic characteristics and risks of a host contract in a hybrid financial instrument that is issued in the form of a share. Specifically, the new guidance clarifies that an entity should consider all relevant terms and features-including the embedded derivative feature being evaluated for bifurcation when evaluating the nature of the host contract. The new guidance applies to all entities that are issuers of, or investors in, hybrid financial instruments that are issued in the form of a share. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2015. Early adoption is permitted. The Company adopted this guidance as of December 31, 2015. The early adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In January 2015, the FASB issued guidance to simplify income statement presentation by eliminating the concept of extraordinary items. The new guidance eliminates the requirement for reporting entities to consider whether an underlying event or transaction is extraordinary. However, the presentation and disclosure requirements under existing guidance for items that are unusual in nature or occur infrequently will be retained and will be expanded to include items that are both unusual in nature and infrequently occurring. Under the new guidance, items that are both unusual in nature and infrequently occurring should be presented within income from continuing operations or disclosed in the notes to the financial statements. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2015. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The Company adopted this guidance as of December 31, 2015. The early adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In February 2015, the FASB issued new consolidation guidance which changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. Existing guidance includes different requirements for performing a consolidation analysis if, among other factors, the entity under evaluation is any one of the following: (1) a legal entity that qualifies for the indefinite deferral under the amended consolidation rules, (2) a legal entity that is within the scope of the amended consolidation rules, or (3) a limited partnership or similar entity that is considered a voting interest entity. Under the new guidance, all reporting entities are within the scope of the new standard, including limited partnerships and similar legal entities, unless a scope exception applies. The presumption that a general partner controls a limited partnership has been eliminated. In addition, fees paid to decision makers that meet certain conditions (e.g., are both customary and commensurate with the level of effort required for the services provided or where the decision maker does not hold other interests in the VIE that individually, or in the aggregate, would absorb more than an insignificant amount of the VIEs expected losses or receive more than an insignificant amount of the VIEs expected residual returns) no longer cause decision makers to consolidate VIEs in certain instances. The new guidance places more emphasis in the consolidation evaluation on variable interests other than the fee arrangements such as principal investment risk (for example, debt or equity interests), guarantees of the value of the assets or liabilities of the VIE, written put options on the assets of the VIE, or similar obligations, including some liquidity commitments or agreements (explicit or implicit). Additionally, the new guidance reduces the extent to which related party arrangements cause an entity to be considered a primary beneficiary. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period, and adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. A reporting entity may apply the new guidance using either a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption or by applying the amendments retrospectively. As noted in the "Summary of Significant Accounting Policies" above the Company has adopted this guidance on a modified retrospective basis. This guidance has resulted in the deconsolidation of certain investment vehicles the Company manages, as further described in note 4.

In April 2015, the FASB issued guidance to simplify the presentation of debt issuance costs. The guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the



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carrying amount of that debt liability (i.e., versus being capitalized as an asset and amortized as required under existing guidance), consistent with debt discounts. The recognition and measurement guidance for debt issuance costs is not affected by the new guidance (i.e., debt issuance costs will continue to be amortized as an increase to interest expense). The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. The Company adopted this guidance as of December 31, 2015 and applied the guidance retrospectively. The early adoption of this guidance did not have a material impact on the Company's consolidated financial statements. See note 12 for further details regarding the presentation of debt issuance costs.

In May 2015, the FASB issued guidance to eliminate diversity in practice related to how certain investments measured at net asset value are categorized within the fair value hierarchy. The guidance removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2015. Pursuant to the guidance, a reporting entity should apply the amendments retrospectively to all periods presented. The retrospective approach requires that an investment for which fair value is measured using the net asset value per share practical expedient be removed from the fair value hierarchy in all periods presented in an entity's financial statements. Earlier application is permitted. The Company is in the process of evaluating the impact that this guidance will have on its consolidated financial statements.

In September 2015, the FASB issued guidance to simplify the accounting for adjustments made to the provisional amounts recognized in a business combination. The guidance requires that an acquirer recognize adjustments to provisional amounts that are identified during the one year period following the acquisition date (i.e., measurement period) in the reporting period in which the adjustment amounts are determined (i.e., versus as of the acquisition date as is required by existing guidance). The guidance also requires an acquirer to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2015. The guidance should be applied prospectively to adjustments to provisional amounts that occur after the effective date of the guidance with earlier application permitted for financial statements that have not been issued. The Company adopted this guidance as of December 31, 2015. The early adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In January 2016, the FASB issued guidance that revises the accounting related to the classification and measurement of investments in equity securities as well as the presentation for certain fair value changes in financial liabilities measured at fair value, and amends certain disclosure requirements. The guidance requires that all equity investments, except those accounted for under the equity method of accounting or those resulting in the consolidation of the investee, be accounted for at fair value with all fair value changes recognized in income. For financial liabilities measured using the fair value option, the guidance requires that any change in fair value caused by a change in instrument-specific credit risk be presented separately in other comprehensive income until the liability is settled or reaches maturity. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017, with early adoption permitted for certain provisions. A reporting entity would generally record a cumulative-effect adjustment to beginning retained earnings as of the beginning of the first reporting period in which the guidance is adopted. The Company is in the process of evaluating the impact that this guidance will have on its consolidated financial statements.

**3. GOODWILL AND INTANGIBLE ASSETS**

On May 5, 2015, the Company acquired 100% of the assets and liabilities of Venator Real Estate Capital Partners (Hong Kong) Limited and its wholly-owned subsidiary, Venator Investment Management Consulting (Shanghai) Limited (together referred to as "Venator"), in exchange for restricted shares of Apollo Global Management, LLC. The acquisition provided the Company's real estate segment with additional real estate investment management and related service capabilities in Asia. The transaction was accounted for as a business combination. Identifiable assets with a combined fair value of \$3.0 million were acquired and liabilities with a combined fair value of \$2.1 million were assumed, resulting in a bargain purchase gain of \$0.9 million as of the acquisition date, which was recorded in other income, net in the consolidated statement of operations.

The carrying value of goodwill was \$88.9 million and \$49.2 million as of December 31, 2015 and 2014, respectively. As of December 31, 2014, due to the consolidation of certain funds and CLOs, the goodwill relating to certain acquisitions was eliminated in consolidation. As a result of the Company's adoption of new accounting guidance as described in note 2, the Company deconsolidated certain funds and CLOs as of January 1, 2015, resulting in the goodwill balance no longer eliminating in consolidation as of December 31, 2015. At June 30, 2015 and 2014, the Company performed its annual impairment testing, and, as the fair value of each of the Company's reporting units was in excess of its carrying value, there was no impairment of goodwill.

Intangible assets, net consists of the following:

	As of December 31,	
	2015	2014
Finite-lived intangible assets/management contracts	\$ 242,863	\$ 240,285
Accumulated amortization	(214,243)	(180,246)
Intangible assets, net	<u>\$ 28,620</u>	<u>\$ 60,039</u>

The changes in intangible assets, net consist of the following:

	For the Year Ended December 31,		
	2015	2014	2013
Balance, beginning of year	\$ 60,039	\$ 94,927	\$ 137,856
Amortization expense	(33,998)	(34,888)	(43,194)
Acquisitions	2,579	—	265

Balance, end of year	\$ 28,620 <sup>(1)</sup>	\$ 60,039	\$ 94,927
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(1) Includes \$1.0 million of indefinite-life intangible assets as of December 31, 2015.

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

	2016	2017	2018	2019	2020	Thereafter	Total
Amortization of intangible assets	\$ 8,655	\$ 5,220	\$ 3,677	\$ 3,677	\$ 3,677	\$ 2,684	\$ 27,590

There was no impairment of indefinite-life intangible assets as of December 31, 2015.

#### 4. INVESTMENTS

The following table represents Apollo's investments:

	As of December 31,	
	2015	2014
Investments, at fair value	\$ 539,080	\$ 2,499,128
Equity method investments	615,669	380,878
Total Investments	\$ 1,154,749	\$ 2,880,006

#### Investments, at Fair Value

Investments, at fair value, consist of investments for which the fair value option has been elected and include the Company's investment in Athene Holding, investments held by the Company's consolidated funds and other investments held by the Company. See note 6 for further discussion regarding investments, at fair value.

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**Net Gains (Losses) from Investment Activities**

The following table presents the realized and net change in unrealized gains (losses) on investments, at fair value for the years ended December 31, 2015, 2014 and 2013:

	<b>For the Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Realized gains (losses) on sales of investments	\$ 889	\$ (12,651)	\$ 409
Net change in unrealized gains due to changes in fair values	120,834	225,894	329,826
Net Gains from Investment Activities	<u>\$ 121,723</u>	<u>\$ 213,243</u>	<u>\$ 330,235</u>

**Equity Method Investments**

Apollo's equity method investments include its investments in Apollo private equity, credit and real estate funds, which are not consolidated, but in which the Company exerts significant influence. Apollo's share of operating income generated by these investments is recorded within income from equity method investments in the consolidated statements of operations.

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Equity method investments, excluding those for which the fair value option was elected, as of December 31, 2015 and 2014 consisted of the following:

	Equity Held as of			
	December 31, 2015	% of Ownership	December 31, 2014	% of Ownership
<b>Private Equity Funds:</b>				
AP Alternative Assets, L.P. ("AAA") <sup>(6)</sup>	\$ 65,961	2.370%	\$ —	—%
AAA Investments, L.P. ("AAA Investments")	1,676	0.057	1,293	0.057
Apollo Investment Fund IV, L.P. ("Fund IV")	9	0.024	8	0.022
Apollo Investment Fund V, L.P. ("Fund V")	57	0.048	68	0.031
Apollo Investment Fund VI, L.P. ("Fund VI")	2,369	0.119	6,173	0.114
Apollo Investment Fund VII, L.P. ("Fund VII")	58,334	1.245	78,286	1.223
Apollo Investment Fund VIII, L.P. ("Fund VIII")	116,443	2.223	33,099	2.241
Apollo Natural Resources Partners, L.P. ("ANRP I")	6,246	0.836	5,608	0.807
Apollo Natural Resources Partners II, L.P. ("ANRP II")	5,194	2.447	—	—
AION Capital Partners Limited ("AION")	16,497	5.938	14,707	6.113
Apollo Asia Private Credit Fund, L.P. ("APC")	49	0.045	47	0.044
VC Holdings, L.P. Series A ("Vantium A/B")	15	6.450	12	6.450
VC Holdings, L.P. Series C ("Vantium C")	63	2.071	48	2.071
VC Holdings, L.P. Series D ("Vantium D")	169	6.345	180	6.345
Other	41	NM	—	—
<b>Total Private Equity Funds<sup>(5)</sup></b>	<b>273,123</b>		<b>139,529</b>	
<b>Credit Funds:</b>				
Apollo Special Opportunities Managed Account, L.P. ("SOMA")	5,992	0.816	6,997	0.841
Apollo Value Strategic Fund, L.P. ("VIF")	39	0.084	146	0.067
Apollo Strategic Value Fund, L.P. ("SVF")	7	0.030	10	0.033
Apollo Credit Liquidity Fund, L.P. ("ACLF")	2,253	4.106	4,128	2.771
Apollo Credit Opportunity Fund I, L.P. ("COF I")	1,463	1.954	2,298	1.870
Apollo Credit Opportunity Fund II, L.P. ("COF II")	1,281	1.523	2,249	1.497
Apollo Credit Opportunity Fund III, L.P. ("COF III")	19,612	1.052	13,102	1.061
Apollo European Principal Finance Fund, L.P. ("EPF I")	5,195	1.372	7,647	1.449
Apollo European Principal Finance Fund II, L.P. ("EPF II")	47,867	1.760	44,523	1.760
Apollo Investment Europe II, L.P. ("AIE II")	2,193	3.990	3,203	1.937
Apollo Investment Europe III, L.P. ("AIE III")	3,917	2.920	1,540	2.914
Apollo Palmetto Strategic Partnership, L.P. ("Palmetto")	15,158	1.186	14,049	1.186
Apollo Senior Floating Rate Fund Inc. ("AFT")	78	0.030	86	0.031
Apollo Residential Mortgage, Inc. ("AMTG") <sup>(3)</sup>	3,997 <sup>(1)</sup>	0.707 <sup>(1)</sup>	4,263 <sup>(2)</sup>	0.593 <sup>(2)</sup>
Apollo European Credit, L.P. ("AEC")	2,303	1.081	2,443	1.081
Apollo European Strategic Investments, L.P. ("AESI")	2,323	0.990	3,834	0.990
Apollo European Strategic Investments II, L.P. ("AESI II")	1,224	0.990	123	0.990
Apollo Centre Street Partnership, L.P. ("ACSP")	11,870	2.488	11,474	2.439
Apollo Investment Corporation ("AINV") <sup>(4)</sup>	61,944 <sup>(1)</sup>	3.434 <sup>(1)</sup>	64,382 <sup>(2)</sup>	3.057 <sup>(2)</sup>
Apollo SK Strategic Investments, L.P. ("SK")	1,152	0.990	1,693	0.990
Apollo SPN Investments I, L.P.	5,490	0.392	5,500	0.720
CION Investment Corporation ("CION")	1,000	0.107	1,000	0.206
Apollo Tactical Income Fund Inc. ("AIF")	73	0.031	84	0.032
Apollo Franklin Partnership, L.P. ("Franklin Fund")	8,147	9.091	9,647	9.091
Apollo Zeus Strategic Investments, L.P. ("Zeus")	7,764	3.398	6,404	3.392
Apollo Lincoln Fixed Income Fund, L.P.	1,941	1.041	1,398	0.993
Apollo Lincoln Private Credit Fund, L.P.	211	0.990	194	0.990
Apollo Structured Credit Recovery Master Fund III, L.P.	1,804	0.293	315	0.126
Apollo Total Return Fund L.P.	162	0.032	163	0.046
Apollo Credit Short Opportunities Fund L.P.	20	0.012	19	0.027
MidCap FinCo Limited ("MidCap")	79,326	4.940	—	—



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Apollo A-N Credit Fund, L.P.	4,962	1,970	—	—
Apollo Tactical Value SPN Investments, L.P.	1,168	1,482	—	—
Apollo Union Street Partners, L.P.	1,139	2,002	—	—
Apollo Hercules Partners L.P.	1,094	2,439	—	—
<b>Total Credit Funds<sup>(5)</sup></b>	<b>313,067</b>		<b>212,914</b>	
<b>Real Estate:</b>				
ARI <sup>(3)</sup>	13,845 <sup>(1)</sup>	1,043 <sup>(1)</sup>	13,989 <sup>(2)</sup>	1,495 <sup>(2)</sup>
U.S. RE Fund I	9,275	5,000	10,519	1,845
U.S. RE Fund II	2,712	1,886	38	4,761
CPI Capital Partners North America, L.P.	28	0,404	137	0,408
CPI Capital Partners Europe, L.P.	5	0,001	5	0,001
CPI Capital Partners Asia Pacific, L.P.	80	0,039	96	0,039
Apollo GSS Holding (Cayman), L.P.	3,082	4,750	3,564	4,750
BEA/AGRE China Real Estate Fund, L.P.	83	1,030	87	1,031
Apollo-IC, L.P. (Shanghai Village)	359	3,100	—	—
Other	10	NM	—	—
<b>Total Real Estate Funds<sup>(5)</sup></b>	<b>29,479</b>		<b>28,435</b>	
<b>Total</b>	<b>\$ 615,669</b>		<b>\$ 380,878</b>	

- (1) Amounts are as of September 30, 2015.  
(2) Amounts are as of September 30, 2014.  
(3) Investment value includes the fair value of RSUs granted to the Company as of the grant date. These amounts are not considered in the percentage of ownership until the RSUs are vested and issued to the Company, at which point the RSUs are converted to common stock and delivered to the Company.  
(4) The value of the Company's investment in AINV was \$41,833 and \$53,693 based on the quoted market price as of December 31, 2015 and December 31, 2014, respectively.  
(5) Certain funds invest across multiple segments. The presentation in the table above is based on the classification of the majority of such funds' investments.  
(6) AAA was deconsolidated effective January 1, 2015 as a result of the Company's adoption of new accounting guidance, as described in note 2. As a result, the Company's investment in AAA no longer eliminates in consolidation.

The Company's equity method investment in Athene Holding, for which the fair value option was elected, met the significance criteria as defined by the SEC for the year ended December 31, 2015. As such, the following tables present summarized financial information of Athene Holding as of December 31, 2015 and 2014, and for the years ended December 31, 2015, 2014 and 2013:

	As of December 31,	
	2015 <sup>(1)</sup>	2014
	in millions	
<b>Statements of Financial Condition</b>		
Investments	\$ 57,284	\$ 59,050
Assets	74,335	82,182
Liabilities	68,865	77,584
Equity	5,470	4,598

- (1) The financial statement information for the year ended December 31, 2015 is presented a quarter in arrears and is comprised of the financial information as of September 30, 2015, which represents the latest available financial information as of the date of this report.

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	For the Year Ended December 31,		
	2015 <sup>(1)</sup>	2014	2013
	in millions		
<b>Statements of Operations</b>			
Revenues	\$ 2,767	\$ 4,133	\$ 1,760
Expenses	2,161	3,598	750
Income before income tax provision	606	535	1,010
Income tax provision (benefit)	71	40	(1)
Net income	535	495	1,011
Net income attributable to Non-controlling Interests	(43)	(12)	(116)
Net income available to Athene common shareholders	\$ 492	\$ 483	\$ 895

(1) The financial statement information for the year ended December 31, 2015 is presented a quarter in arrears and is comprised of the financial information for the year ended September 30, 2015, which represents the latest available financial information as of the date of this report.

The tables below present summarized aggregate financial information of the Company's equity method investments, as of December 31, 2015 and 2014, and for the years ended December 31, 2015, 2014 and 2013:

Statement of Financial Condition	Private Equity		Credit		Real Estate		Aggregate Totals	
	As of December 31,		As of December 31,		As of December 31,		As of December 31,	
	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>
Investments	\$ 17,080,292	\$ 16,082,723	\$ 18,830,120	\$ 17,888,199	\$ 3,188,822	\$ 2,584,097	\$ 39,099,234	\$ 36,555,019
Assets	17,970,417	16,924,291	21,255,463	20,076,656	3,484,842	2,772,857	42,710,722	39,773,804
Liabilities	37,416	128,257	7,646,492	6,216,702	1,287,051	1,028,203	8,970,959	7,373,162
Equity	17,933,001	16,796,034	13,608,971	13,859,954	2,197,791	1,744,654	33,739,763	32,400,642

Statement of Operations	Private Equity			Credit			Real Estate			Aggregate Totals		
	For the Year Ended December 31,			For the Year Ended December 31,			For the Year Ended December 31,			For the Year Ended December 31,		
	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2013 <sup>(1)</sup>	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2013 <sup>(1)</sup>	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2013 <sup>(1)</sup>	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2013 <sup>(1)</sup>
Revenues/Investment Income	\$ 408,971	\$ 340,380	\$ 675,844	\$ 1,352,017	\$ 1,954,270	\$ 1,297,324	\$ 120,340	\$ 89,579	\$ 73,429	\$ 1,881,328	\$ 2,384,229	\$ 2,046,597
Expenses	306,044	326,126	239,750	464,610	417,967	583,410	35,340	29,022	39,153	805,994	773,115	862,313
Net Investment Income	102,927	14,254	436,094	887,407	1,536,303	713,914	85,000	60,557	34,276	1,075,334	1,611,114	1,184,284
Net Realized and Unrealized Gain (Loss)	20,757	1,300,343	10,411,556	(1,643,758)	(548,088)	953,227	(1,699)	62,516	214,764	(1,624,700)	814,771	11,579,547
Net Income	\$ 123,684	\$ 1,314,597	\$ 10,847,650	\$ (756,351)	\$ 988,215	\$ 1,667,141	\$ 83,301	\$ 123,073	\$ 249,040	\$ (549,366)	\$ 2,425,885	\$ 12,763,831

(1) Certain private equity, credit and real estate fund amounts are as of and for the twelve months ended September 30, 2015, 2014 and 2013.

**5. VARIABLE INTEREST ENTITIES**

As described in note 2, the Company consolidates entities that are VIEs for which the Company has been designated as the primary beneficiary. There is no recourse to the Company for the consolidated VIEs' liabilities.

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**Consolidated Variable Interest Entities**

Apollo has consolidated VIEs in accordance with the policy described in note 2. Through its role as investment manager of these VIEs, the Company determined that Apollo has the power to direct the activities that most significantly impact the economic performance of these VIEs. Additionally, Apollo determined that its interests, both directly and indirectly from these VIEs, represent rights to returns that could potentially be significant to such VIEs. As a result, Apollo determined that it is the primary beneficiary and therefore should consolidate the VIEs.

**Deconsolidation of CLOs**

CLOs are generally determined to be VIEs if they are formed solely to issue collateralized notes in the legal form of debt and therefore do not have sufficient total equity investment at risk to permit the entity to finance its activities without additional subordinated financial support. Prior to adoption of the new consolidation guidance, Apollo was considered to possess a controlling financial interest in, and therefore consolidated, such CLOs as Apollo's role as collateral manager provided the Company with the power to direct the activities that most significantly impacted the CLO's economic performance and the Company had the right to receive certain benefits from the CLO through incentive fees that could potentially be significant to the CLO. Under the new guidance, the majority of these CLOs have been deconsolidated as the incentive fees received by Apollo from the deconsolidated CLOs are not considered variable interests. Accordingly, the Company deconsolidated approximately \$14.6 billion in assets and \$13.7 billion in liabilities related to these entities reflected as of January 1, 2015. The net impact of the deconsolidation is reflected in the consolidated statement of changes in shareholders' equity within Appropriated Partners Capital for the year ended December 31, 2015.

As a result of the adoption, certain deconsolidation adjustments have been recorded to various line items on the consolidated financial statements, including adjustments to remove the impact of intercompany eliminations. These adjustments impacted multiple line items within total revenues and other income, as well as net income attributable to Non-Controlling Interests on the consolidated statements of operations, as well as multiple line items within the consolidated statements of financial condition, including goodwill (See note 3 to our consolidated financial statements for further detail regarding the impact related to goodwill).

**Consolidated CLOs**

Certain CLOs remain consolidated by Apollo as the Company continues to be considered to hold a controlling financial interest through direct and indirect interests in these CLOs exclusive of management and performance based fees received. Through its role as collateral manager of these VIEs, the Company determined that Apollo had the power to direct the activities that most significantly impact the economic performance of these VIEs. These CLOs were formed for the sole purpose of issuing collateralized notes to investors. The assets of these VIEs are primarily comprised of senior secured loans and the liabilities are primarily comprised of debt.

The assets of these consolidated CLOs are not available to creditors of the Company. In addition, the investors in these consolidated VIEs have no recourse against the assets of the Company. The Company has elected the fair value option for financial instruments held by its consolidated CLOs, which includes investments in loans and corporate bonds, as well as debt obligations and contingent obligations held by such consolidated CLOs. Other assets include amounts due from brokers and interest receivables. Other liabilities include payables for securities purchased, which represent open trades within the consolidated VIEs and primarily relate to corporate loans that are expected to settle within the next 60 days. From time to time, Apollo makes investments in certain consolidated CLOs denominated in foreign currencies. As of December 31, 2015 and December 31, 2014, the Company had invested \$42.3 million and \$47.4 million, respectively, in consolidated foreign currency denominated CLOs, which eliminates in consolidation.

**Investment in Champ L.P.**

On September 30, 2014, the Company, through a wholly-owned subsidiary, acquired a 25.6% ownership interest in Champ L.P. following which a wholly-owned subsidiary of Champ L.P. then acquired a 35% ownership interest in KBC Bank Deutschland AG ("KBC Bank"), the German subsidiary of Belgian KBC Group NV (the "KBC Transaction"). Following the closing of the transaction, KBC Bank was renamed Bremer Kreditbank AG and the bank began to operate under the name BKB Bank. As of December 31, 2015, the Company had invested \$18.2 million in Champ L.P. The Company, together with other affiliated investors which are not consolidated, in aggregate, own 100% of Champ L.P.



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The Company, through its aforementioned wholly-owned subsidiary, is the general partner and primary beneficiary of Champ L.P., which meets the definition of a VIE. Accordingly, the Company has consolidated Champ L.P. in accordance with the policy described in note 2. The Company's investment in Champ L.P. is eliminated in consolidation.

**Net Gains (Losses) from Investment Activities of Consolidated Variable Interest Entities**

The following table presents net gains (losses) from investment activities of the consolidated VIEs for the years ended December 31, 2015, 2014 and 2013:

	For the Year Ended December 31,		
	2015	2014	2013
Net unrealized gains (losses) from investment activities	\$ 9,021	\$ (317,591)	\$ (33,275)
Net realized gains from investment activities	6,766	79,057	87,472
Net gains (losses) from investment activities	15,787	(238,534)	54,197
Net unrealized gains (losses) from debt	3,057	809	(232,509)
Net realized gains from debt	—	101,745	137,098
Net gains from debt	3,057	102,554	(95,411)
Interest and other income	37,404	666,486	674,324
Interest and other expenses	(37,198)	(507,942)	(433,368)
Net Gains from Investment Activities of Consolidated Variable Interest Entities	<u>\$ 19,050</u>	<u>\$ 22,564</u>	<u>\$ 199,742</u>

**Senior Secured Notes and Subordinated Notes**—Included within debt are amounts due to third-party institutions by the consolidated VIEs. The following table summarizes the principal provisions of the debt of the consolidated VIEs as of December 31, 2015 and 2014:

	As of December 31, 2015			As of December 31, 2014		
	Principal Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years	Principal Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Senior Secured Notes <sup>(2)(3)</sup>	\$ 735,792	2.17%	12.1	\$ 13,459,387	1.60%	7.8
Subordinated Notes <sup>(2)(3)</sup>	82,365	N/A <sup>(1)</sup>	15.1	1,183,834	N/A <sup>(1)</sup>	9.0
Total	<u>\$ 818,157</u>			<u>\$ 14,643,221</u>		

(1) The subordinated notes do not have contractual interest rates but instead receive distributions from the excess cash flows of the VIEs.

(2) The fair value of Senior Secured Notes and Subordinated Notes as of December 31, 2015 and 2014 was \$801.3 million and \$14,123.1 million, respectively.

(3) The debt at fair value of the consolidated VIEs is collateralized by assets of the consolidated VIEs and assets of one vehicle may not be used to satisfy the liabilities of another vehicle. As of December 31, 2015 and 2014, the fair value of the consolidated VIE assets was \$1,030.8 million and \$17,070.8 million, respectively. This collateral consisted of cash and cash equivalents, investments, at fair value, and other assets.

The consolidated VIEs' debt obligations contain various customary loan covenants as described above. As of December 31, 2015, the Company was not aware of any instances of non-compliance with any of these covenants.

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As of December 31, 2015, the table below presents the contractual maturities for debt of the consolidated VIEs:

	2016	2017	2018	2019	2020	Thereafter	Total
Senior Secured Notes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 735,792	\$ 735,792
Subordinated Notes	—	—	—	—	—	82,365	82,365
Total Obligations as of December 31, 2015	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 818,157</u>	<u>\$ 818,157</u>

**Variable Interest Entities Which are Not Consolidated**

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

The following tables present the carrying amounts of the assets and liabilities of the VIEs for which Apollo has concluded that it holds a significant variable interest, but that it is not the primary beneficiary as of December 31, 2015 and 2014. In addition, the tables present the maximum exposure to losses relating to these VIEs. As noted earlier, as a result of the adoption of the FASB's new consolidation guidance, the Company is no longer considered to have a variable interest in many of the entities that it manages where its sole interest in an entity is either through carried interest, performance fees or other indirect interests which are not considered to absorb more than an insignificant amount of expected losses or returns of the entity.

	As of December 31, 2015		
	Total Assets	Total Liabilities	Apollo Exposure
Total	\$ 5,378,456 <sup>(1)</sup>	\$ 1,626,743 <sup>(2)</sup>	\$ 202,146 <sup>(3)</sup>

(1) Consists of \$219.8 million in cash, \$5,149.0 million in investments and \$9.6 million in receivables.

(2) Represents \$1,626.7 million in debt and other payables.

(3) Represents Apollo's direct equity method investment in those entities in which Apollo holds a significant variable interest. Additionally, cumulative carried interest income is subject to reversal in the event of future losses. The maximum amount of future reversal of carried interest income from all of Apollo's funds, including those entities in which Apollo holds a significant variable interest, was \$2.4 billion as of December 31, 2015 as discussed in note 16.

	As of December 31, 2014		
	Total Assets	Total Liabilities	Apollo Exposure
Total	\$ 11,676,038 <sup>(1)</sup>	\$ 729,515 <sup>(2)</sup>	\$ 30,752 <sup>(3)</sup>

(1) Consists of \$794.5 million in cash, \$10,456.0 million in investments and \$425.6 million in receivables.

(2) Represents \$362.0 million in debt and other payables, \$359.4 million in securities sold, not purchased, and \$8.2 million in capital withdrawals payable.

(3) Represents Apollo's direct equity method investment in those entities in which Apollo holds a significant variable interest. Additionally, cumulative carried interest income is subject to reversal in the event of future losses. The maximum amount of future reversal of carried interest income from all of Apollo's funds, including those entities in which Apollo holds a significant variable interest, was \$2.9 billion as of December 31, 2014.

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**6. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

The following tables summarize the valuation of the Company's financial assets and liabilities for which the fair value option has been elected by the fair value hierarchy as of December 31, 2015 and 2014, respectively:

	As of December 31, 2015				Cost of Investments, at Fair Value
	Level I <sup>(5)</sup>	Level II <sup>(5)</sup>	Level III	Total	
<b>Assets</b>					
Investments, at fair value:					
Investments held by Apollo Senior Loan Fund	\$ —	\$ 26,913	\$ 1,634	\$ 28,547	\$ 29,344
Other investments	—	—	434	434	831
Investment in Athene Holding <sup>(1)</sup>	—	—	510,099	510,099	387,526
Total investments, at fair value	—	26,913	512,167	539,080 <sup>(6)</sup>	\$ 417,701
Investments of VIEs, at fair value <sup>(3)</sup>	—	803,412	107,154	910,566	
<b>Total Assets</b>	<b>\$ —</b>	<b>\$ 830,325</b>	<b>\$ 619,321</b>	<b>\$ 1,449,646</b>	
<b>Liabilities</b>					
Liabilities of VIEs, at fair value <sup>(3)(4)</sup>	\$ —	\$ 801,270	\$ 11,411	\$ 812,681	
Contingent consideration obligations <sup>(2)</sup>	—	—	79,579	79,579	
<b>Total Liabilities</b>	<b>\$ —</b>	<b>\$ 801,270</b>	<b>\$ 90,990</b>	<b>\$ 892,260</b>	

	As of December 31, 2014				Cost of Investments, at Fair Value
	Level I <sup>(5)</sup>	Level II <sup>(5)</sup>	Level III	Total	
<b>Assets</b>					
Investments, at fair value:					
Investment in AAA Investments	\$ —	\$ —	\$ 2,144,118	\$ 2,144,118	\$ 1,494,358
Investments held by Apollo Senior Loan Fund	—	25,537	4,359	29,896	30,100
Other investments	—	—	600	600	3,318
Investment in Athene Holding <sup>(1)</sup>	—	—	324,514	324,514	324,293
Total investments, at fair value	—	25,537	2,473,591	2,499,128 <sup>(6)</sup>	\$ 1,852,069
AAA/Athene Receivable <sup>(1)</sup>	—	—	61,292	61,292	
Investments of VIEs, at fair value <sup>(3)</sup>	176	13,135,564	2,522,913	15,658,653	
<b>Total Assets</b>	<b>\$ 176</b>	<b>\$ 13,161,101</b>	<b>\$ 5,057,796</b>	<b>\$ 18,219,073</b>	
<b>Liabilities</b>					
Liabilities of VIEs, at fair value <sup>(3)(4)</sup>	\$ —	\$ 1,793,353	\$ 12,343,021	\$ 14,136,374	
Contingent consideration obligations <sup>(2)</sup>	—	—	96,126	96,126	
<b>Total Liabilities</b>	<b>\$ —</b>	<b>\$ 1,793,353</b>	<b>\$ 12,439,147</b>	<b>\$ 14,232,500</b>	

(1) See note 15 for further disclosure regarding the investment in Athene Holding and the AAA/Athene receivable.

(2) See note 16 for further disclosure regarding contingent consideration obligations.

(3) See note 5 for further disclosure regarding VIEs.

(4) As of December 31, 2015, liabilities of VIEs, at fair value included debt and other liabilities of \$801.3 million and \$11.4 million, respectively. As of December 31, 2014, liabilities of VIEs, at fair value included debt and other liabilities of \$14,123.1 million and \$13.3 million, respectively. Other liabilities include contingent obligations classified as Level III.

(5) All Level I and Level II investments and liabilities were valued using third party pricing.

(6) See note 4 to our consolidated financial statements for further detail regarding our investments at fair value and reconciliation to the consolidated statements of financial condition.

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There were no transfers of financial assets into Level I for the years ended December 31, 2015 and 2014. In addition, there were no transfers of financial liabilities between Level I and Level II for the years ended December 31, 2015 and 2014. The following table summarizes the transfers of financial assets from Level I into Level II for positions that existed as of the years ended December 31, 2015 and 2014, respectively:

	For the Year Ended December 31,	
	2015	2014
Transfers from Level I into Level II	\$ —	\$ 4,084

Transfers were a result of subjecting the broker quotes on these investments to various criteria which include the number and quality of broker quotes, the standard deviation of obtained broker quotes and the percentage deviation from independent pricing services.

The following tables summarize the changes in fair value in financial assets measured at fair value for which Level III inputs have been used to determine fair value for the years ended December 31, 2015 and 2014, respectively:

	For the Year Ended December 31, 2015							
	Investment in AAA Investments	Investments held by Apollo Senior Loan Fund	Other Investments	Investment in Athene Holding	AAA/Athene Receivable	Investment in RCAP	Investments of Consolidated VIEs	Total
Balance, Beginning of Period	\$ 2,144,118	\$ 4,359	\$ 600	\$ 324,514	\$ 61,292	\$ —	\$ 2,522,913	\$ 5,057,796
Adoption of accounting guidance	(2,144,118)	—	—	—	—	—	(2,399,130)	(4,543,248)
Fees	—	—	—	—	1,942	—	—	1,942
Purchases	—	5,913	272	—	—	25,000	44,116	75,301
Sales of investments/distributions	—	(6,996)	(115)	—	—	(25,667)	(36,909)	(69,687)
Net realized gains/accrued interest	—	48	—	—	—	667	5,539	6,254
Changes in net unrealized gains (losses)	—	(263)	(323)	122,351	—	—	8,816	130,581
Cumulative translation adjustment	—	—	—	—	—	—	(12,111)	(12,111)
Transfer into Level III <sup>(1)</sup>	—	5,439	—	—	—	—	59,316	64,755
Transfer out of Level III <sup>(1)</sup>	—	(6,866)	—	—	—	—	(85,396)	(92,262)
Settlement of receivable <sup>(2)</sup>	—	—	—	63,234	(63,234)	—	—	—
Balance, End of Period	\$ —	\$ 1,634	\$ 434	\$ 510,099	\$ —	\$ —	\$ 107,154	\$ 619,321
Change in net unrealized gains (losses) included in net gains (losses) from investment activities related to investments still held at reporting date	\$ —	\$ (677)	\$ (323)	\$ 122,351	\$ —	\$ —	\$ —	\$ 121,351
Change in net unrealized gains included in Net Gains from Investment Activities of Consolidated VIEs related to investments still held at reporting date	—	—	—	—	—	—	8,963	8,963

(1) Transfers between Level II and III were a result of subjecting the broker quotes on these financial assets to various criteria which include the number and quality of broker quotes, the standard deviation of obtained broker quotes and the percentage deviation from independent pricing services.

(2) See note 15 for further disclosure regarding the settlement of the AAA/Athene receivable and the investment in Athene Holding.

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	Investment in AAA Investments	Investments held by Apollo Senior Loan Fund	Other Investments	Athene and AAA Services Derivatives	Investment in Athene Holding	AAA/Athene Receivable	Investments of Consolidated VIEs	Total
Balance, Beginning of Period	\$ 1,942,051	\$ 892	\$ 40,373	\$ 130,709	\$ —	\$ —	\$ 1,919,537	\$ 4,033,562
Elimination of investments attributable to consolidation of VIEs	—	—	—	—	—	—	19,187	19,187
Fees	—	—	—	60,422	—	178,332	—	238,754
Purchases	—	4,707	1,844	—	2,080	—	1,036,810	1,045,441
Sales of investments/distributions	(2,500)	(1,543)	(51,052)	—	—	—	(825,429)	(880,524)
Net realized gains (losses)	—	10	(12,871)	24,242	—	—	20,972	32,353
Changes in net unrealized gains (losses)	204,567	(66)	22,306	(10,203)	224	—	(9,302)	207,526
Cumulative translation adjustment	—	—	—	—	—	—	(5,834)	(5,834)
Transfer into Level III <sup>(1)</sup>	—	1,594	—	—	—	—	1,413,688	1,415,282
Transfer out of Level III <sup>(1)</sup>	—	(1,235)	—	—	—	—	(1,046,716)	(1,047,951)
Settlement of derivatives <sup>(2)</sup>	—	—	—	(205,170)	322,210	(117,040)	—	—
Balance, End of Period	\$ 2,144,118	\$ 4,359	\$ 600	\$ —	\$ 324,514	\$ 61,292	\$ 2,522,913	\$ 5,057,796
Change in net unrealized gains included in Net Gains from Investment Activities related to investments still held at reporting date	\$ 204,567	\$ (66)	\$ 580	\$ —	\$ 224	\$ —	\$ —	\$ 205,305
Change in net unrealized gains included in Net Gains from Investment Activities of Consolidated VIEs related to investments still held at reporting date	—	—	—	—	—	—	(52,485)	(52,485)

- (1) Transfers between Level II and III were a result of subjecting the broker quotes on these financial assets to various criteria which include the number and quality of broker quotes, the standard deviation of obtained broker quotes and the percentage deviation from independent pricing services.
- (2) See note 15 for further disclosure regarding the settlement of the AAA/Athene receivable and the investment in Athene Holding.

For the Year Ended December 31,

	2015			2014		
	Liabilities of Consolidated VIEs	Contingent Consideration Obligations	Total	Liabilities of Consolidated VIEs	Contingent Consideration Obligations	Total
Balance, Beginning of Period	\$ 12,343,021	\$ 96,126	\$ 12,439,147	\$ 9,994,147	\$ 135,511	\$ 10,129,658
Elimination of debt attributable to consolidation of VIEs	—	—	—	13,493	—	13,493
Adoption of accounting guidance	(11,433,815)	—	(11,433,815)	—	—	—
Additions	—	—	—	3,965,725	—	3,965,725
Payments/Extinguishment <sup>(4)</sup>	—	(15,743)	(15,743)	(1,551,533)	(50,666)	(1,602,199)
Net realized gains	—	—	—	(101,745)	—	(101,745)
Changes in net unrealized (gains) losses <sup>(2)</sup>	(8,244)	(804)	(9,048)	(25,685)	11,281	(14,404)
Cumulative translation adjustment	(92,593)	—	(92,593)	(71,558)	—	(71,558)
Transfers into Level III	—	—	—	500,837 <sup>(1)</sup>	—	500,837
Transfers out of Level III	(796,958) <sup>(3)</sup>	—	(796,958)	(380,660) <sup>(1)</sup>	—	(380,660)
Balance, End of Period	\$ 11,411	\$ 79,579	\$ 90,990	\$ 12,343,021	\$ 96,126	\$ 12,439,147
Change in net unrealized gains included in Net Gains from Investment Activities of consolidated VIEs related to liabilities still held at reporting date	\$ —	\$ —	\$ —	\$ (113,874)	\$ —	\$ (113,874)

- (1) Transfers between Level II and III were a result of subjecting the broker quotes on these financial liabilities to various criteria which include the number and quality of broker quotes, the standard deviation of obtained broker quotes and the percentage deviation from independent pricing services.
- (2) Changes in fair value of contingent consideration obligations are recorded in profit sharing expense in the consolidated statements of operations.
- (3) Upon adoption of new accounting guidance (see note 2), the debt obligations of consolidated CLOs are no longer categorized as Level III financial liabilities under the fair value hierarchy. Effective January 1, 2015, these financial liabilities are measured and leveled on the basis of the fair value of the financial assets of the consolidated CLOs and were categorized as Level II as of December 31, 2015.
- (4) For the year ended December 31, 2014, includes a \$13.4 million extinguishment of contingent consideration obligations, which is recorded in other income on the consolidated statements of operations.

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The following tables summarize the quantitative inputs and assumptions used for financial assets and liabilities categorized as Level III under the fair value hierarchy as of December 31, 2015 and 2014, respectively:

	As of December 31, 2015				
	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted Average
<b>Financial Assets</b>					
Investments of Consolidated Apollo Funds:					
Apollo Senior Loan Fund	\$ 1,634	Third Party Pricing <sup>(1)</sup>	N/A	N/A	N/A
Investments in Other	434	Other	N/A	N/A	N/A
Investment in Athene Holding	510,099	Book Value Multiple	Book Value Multiple	1.18x	1.18x
Investments of Consolidated VIEs:					
Bank Debt Term Loans	15,776	Third Party Pricing <sup>(1)</sup>	N/A	N/A	N/A
Corporate Loans/Bonds/CLO Notes	22,409	Third Party Pricing <sup>(1)</sup>	N/A	N/A	N/A
Equity Securities	62,756	Market Comparable Companies	Comparable Multiples	0.60x	0.60x
		Discounted Cash Flow	Discount Rate	14.6%	14.6%
Other	6,213	Net Asset Value	N/A	N/A	N/A
Total Investments of Consolidated VIEs	<u>107,154</u>				
Total Financial Assets	<u>\$ 619,321</u>				
<b>Financial Liabilities</b>					
Liabilities of Consolidated VIEs:					
Contingent Obligation	\$ 11,411	Other	N/A	N/A	N/A
Contingent Consideration Obligation	79,579	Discounted Cash Flow	Discount Rate	11.0% - 18.5%	17.0%
Total Financial Liabilities	<u>\$ 90,990</u>				

(1) These securities are valued primarily using unadjusted broker quotes.

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As of December 31, 2014

	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted Average
<b>Financial Assets</b>					
Investments of Consolidated Apollo Funds:					
AAA Investments <sup>(1)</sup>	\$ 2,144,118	Net Asset Value	N/A	N/A	N/A
Apollo Senior Loan Fund	4,359	Third Party Pricing <sup>(2)</sup>	N/A	N/A	N/A
Other Investments	600	Other	N/A	N/A	N/A
Investment in Athene Holding	324,514	Discounted Cash Flow	Discount Rate	15.0%	15.0%
AAA/Athene Receivable	61,292	Discounted Cash Flow	Discount Rate	15.0%	15.0%
Investments of Consolidated VIEs:					
Bank Debt Term Loans	1,340,296	Third Party Pricing <sup>(2)</sup>	N/A	N/A	N/A
	87,314	Discounted Cash Flow	Discount Rate	7.1% - 14.0%	8.4%
Corporate Loans/Bonds/CLO Notes <sup>(3)</sup>	1,009,873	Third Party Pricing <sup>(2)</sup>	N/A	N/A	N/A
	930	Third Party Pricing <sup>(2)</sup>	N/A	N/A	N/A
Equity Securities	4,610	Market Comparable Companies	Comparable Multiples	5.8x	5.8x
	58,923	Transaction	Purchase Price	N/A	N/A
	20,967	Transaction	Implied Multiple	5.2x	5.2x
Total Investments of Consolidated VIEs	2,522,913				
Total Financial Assets	<u>\$ 5,057,796</u>				
<b>Financial Liabilities</b>					
Liabilities of Consolidated VIEs:					
			Discount Rate	10.0% - 12.5%	11.5%
Subordinated Notes	\$ 908,831	Discounted Cash Flow	Default Rate	1.0% - 2.0%	1.7%
			Recovery Rate	75.0%	75.0%
Subordinated Notes	106,090	Other	N/A	N/A	N/A
Senior Secured Notes	9,283,534	Third Party Pricing <sup>(2)</sup>	N/A	N/A	N/A
			Discount Rate	1.6% - 1.8%	1.7%
Senior Secured and Subordinated Notes	2,031,292	Discounted Cash Flow	Default Rate	2.0%	2.0%
			Recovery Rate	15.0% - 75.0%	69.0%
Contingent Obligation	13,274	Other	N/A	N/A	N/A
Total Liabilities of Consolidated VIEs	12,343,021				
Contingent Consideration Obligation	96,126	Discounted Cash Flow	Discount Rate	11.0% - 18.5%	15.7%
Total Financial Liabilities	<u>\$ 12,439,147</u>				

(1) The net asset value of the underlying securities held by AAA Investments represents its sole investment in Athene, offset by other net liabilities. The investment in Athene was valued at \$2,244.2 million as of December 31, 2014 using the embedded value method based on the present value of the future expected regulatory distributable income generated by the net assets of Athene plus the excess capital (i.e., the capital in excess of what is required to be held against Athene's liabilities). The unobservable inputs and respective ranges used are the same as noted for the Investment in Athene Holding and the AAA/Athene Receivable in the table above. See note 15 for discussion of the investment in Athene Holding.

(2) These securities are valued primarily using unadjusted broker quotes.

(3) Balance includes investments in an affiliated fund, which primarily invests in corporate loans, bonds, and CLO notes. Balance at December 31, 2014 includes investments in an affiliated fund in the amount of \$865.9 million, which were valued based on NAV.

**Investment in Athene Holding and AAA/Athene Receivable**

The Company elected the fair value option for its investment in Athene Holding at the time of settlement of the derivative contract between Athene and Apollo (the "Athene Services Derivative") and the derivative contract between AAA Investments and Apollo (the "AAA Services Derivative"). The Company has classified this investment as a Level III asset in the fair value hierarchy, as the pricing inputs into the determination of fair value require significant judgment and estimation. The investment is valued based on the price of a common share of Athene Holding. During the third quarter of 2015, the Company changed the valuation method used to value its investment in Athene Holding from the embedded value approach to the GAAP book value multiple approach. This change was driven by developments in Athene's business as noted below.

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Athene's business was principally built through a series of acquisitions of individual portfolios of fixed index annuities since its inception in 2009. As of and prior to June 30, 2015, in valuing Apollo's investment in Athene Holding, the embedded value method was employed to determine the fair value of shares in Athene Holding in periods where there was not an observable market value. The embedded value methodology is widely used by market participants in the insurance industry in private company acquisitions of individual portfolios of annuities. The embedded value method estimates the present value of the future expected regulatory distributable income generated by the net assets plus the excess capital (i.e., the capital in excess of what is required to be held against liabilities) in determining fair value. Thus the embedded value method, as historically applied to the Athene valuation, was used to derive a value of Athene's existing block of business as well as the value of undeployed capital equivalent to the excess capital held. As of June 30, 2015 and prior, Apollo also calculated an implied U.S. GAAP book value multiple for Athene, based on a projected U.S. GAAP book value, and compared that multiple to Athene's publicly traded insurance peers as a secondary valuation point to assess the reasonableness of the valuation derived under the embedded value method.

As of December 31, 2015, the fair value of Apollo's investment in Athene Holding was estimated under the U.S. GAAP book value multiple approach by applying a book value multiple to the U.S. GAAP book value per share of Athene Holding. The conversion price for all Athene management incentive shares granted was added to Athene's U.S. GAAP book value excluding accumulated other comprehensive income ("AOCI") for purposes of determining U.S. GAAP book value per share. Apollo calculated a multiple for public company peers of Athene by dividing each peer's market capitalization by its reported U.S. GAAP equity, excluding AOCI. A regression analysis was then prepared based on the calculated multiple of each peer relative to its expected return on U.S. GAAP equity, excluding AOCI, relative to Athene. From this analysis, a comparable book value multiple for Athene was derived and then appropriately discounted to factor in the projected time frame of an initial public offering ("IPO") of Athene and subsequent liquidity of shares (taking into consideration any post-IPO lock-up restrictions on the shares). As a result of the above analysis, Apollo concluded it was appropriate to apply a multiple of 1.18 to Athene's U.S. GAAP book value per share, in estimating the value per share of Athene Holding at December 31, 2015.

The unrealized gain recorded during the year ended December 31, 2015 was driven by activity as Athene continued to evolve its business model and position itself for becoming a public company, including achieving "A-" ratings from all of Athene's three ratings agencies, hiring a new President and CFO, investing in a broad-based marketing campaign for its retail product offering, launching a Funding Agreement Backed Note ("FABN") program, and diversifying into new businesses via the closing of the acquisition of Athene Germany. Further, during the year ended December 31, 2015, Athene published its 2014 audited U.S. GAAP financial statements and issued its unaudited U.S. GAAP financial statements for the nine months ended September 30, 2015 (which facilitated the ability to use a book value multiple as a primary methodology). All of these activities are drivers of incremental value that occurred during 2015. The embedded valuation methodology is well suited for valuing individual insurance portfolios, however, management believes the book value multiple methodology best reflects the fair value of Athene going forward given the evolution of Athene's business in 2015. The U.S. GAAP book value multiple also serves as a common industry benchmark for Athene's public insurance company peers. In addition, as a secondary valuation consideration, the Company performed analysis under other methodologies including price to earnings multiple and embedded value approaches which supported the reasonableness of the fair market value estimate by the book value multiple method.

As of December 31, 2015, the significant unobservable input used in the fair value measurement of the investment in Athene Holding was the U.S. GAAP book value multiple. This input in isolation can cause significant increases or decreases in fair value. Specifically, when the U.S. GAAP book value multiple method is used to determine fair value, the significant input used in the valuation model is the U.S. GAAP book value multiple itself. An increase in the U.S. GAAP book value multiple can significantly increase the fair value of an investment; conversely a decrease in the U.S. GAAP book value multiple can significantly decrease the fair value of an investment. The sensitivity of the valuation to changes in the multiple is directly proportional to the change in the multiple itself.

As of December 31, 2014, Athene's fair value was determined using the embedded value method which was based on the present value of the future expected regulatory distributable income generated by the net assets of Athene plus the excess capital (i.e., the capital in excess of what is required to be held against Athene's liabilities). The net assets of Athene consist of the current and projected assets less the current and projected liabilities related to in force insurance contracts. For purposes of the excess capital calculation the assets are valued at fair value using the Company's valuation methodology. The approach of using actuarially projected asset and liability income to value an insurance company is widely used by market participants in the insurance industry, particularly in private company acquisitions. The embedded value of the in force insurance contracts incorporates actuarial projections of expected income utilizing most recently available policyholder contract and experience data, industry information and assumptions, general economic and market conditions, and other factors deemed relevant, including the cost of capital. In addition, consideration is also given to comparable company multiples in the determination of fair value.



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As of December 31, 2014, the significant unobservable input used in the fair value measurement of the investment in Athene Holding was the discount rate applied in the valuation model. This input in isolation can cause significant increases or decreases in fair value. Specifically, when a discounted cash flow model is used to determine fair value, the significant input used in the valuation model is the discount rate applied to present value the projected cash flows. An increase in the discount rate can significantly lower the fair value of an investment; conversely a decrease in the discount rate can significantly increase the fair value of an investment. The discount rate is determined based on the expected required rate of return based on the risk profile of similar cash flows.

**Apollo Senior Loan Fund**

The Company is the sole investor in the Apollo Senior Loan Fund and therefore consolidates the assets and liabilities of the fund. The fund invests in U.S. denominated senior secured loans, senior secured bonds and other income generating fixed-income investments.

**Consolidated VIEs**

**Investments**

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

**Liabilities**

As of December 31, 2015, due to the adoption of new accounting guidance (see note 2), the debt obligations of the consolidated CLOs were measured on the basis of the fair value of the financial assets of the CLOs as the financial assets were determined to be more observable and, as a result, categorized as Level II in the fair value hierarchy. As of December 31, 2014, the significant unobservable inputs used in the fair value measurement of the subordinated and senior secured notes include the discount rate applied in the valuation models, default and recovery rates applied in the valuation models. These inputs in isolation can cause significant increases or decreases in fair value. Specifically, when a discounted cash flow model is used to determine fair value, the significant input used in the valuation model is the discount rate applied to present value the projected cash flows. Increases in the discount rate can significantly lower the fair value of subordinated and senior secured notes; conversely a decrease in the discount rate can significantly increase the fair value of subordinated and senior secured notes. The discount rate is determined based on the market rates an investor would expect for similar subordinated and senior secured notes with similar risks.

**Contingent Consideration Obligations**

The significant unobservable input used in the fair value measurement of the contingent consideration obligations is the discount rate applied in the valuation models. This input in isolation can cause significant increases or decreases in fair value. Specifically, when a discounted cash flow model is used to determine fair value, the significant input used in the valuation model is the discount rate applied to present value the projected cash flows. Increases in the discount rate can significantly lower the fair value of the contingent consideration obligations; conversely a decrease in the discount rate can significantly increase the fair value of the contingent consideration obligations. The discount rate was based on the weighted average cost of capital for the Company. See note 16 for further discussion of the contingent consideration obligations.

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**7. CARRIED INTEREST RECEIVABLE**

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

	As of December 31, 2015	As of December 31, 2014
Private Equity	\$ 373,871	\$ 672,119
Credit	240,844	226,430
Real Estate	29,192	13,117
Total carried interest receivable	<u>\$ 643,907</u>	<u>\$ 911,666</u>

The table below provides a roll-forward of the carried interest receivable balance for the years ended December 31, 2015 and 2014:

	Private Equity	Credit	Real Estate	Total
Carried interest receivable, January 1, 2014	\$ 1,867,771	\$ 408,342	\$ 10,962	\$ 2,287,075
Change in fair value of funds	231,983	159,350	6,104	397,437
Fund cash distributions to the Company	(1,427,635)	(341,262)	(3,949)	(1,772,846)
Carried interest receivable, December 31, 2014	\$ 672,119	\$ 226,430	\$ 13,117	\$ 911,666
Change in fair value of funds	42,016	126,426	13,074	181,516
Fund distributions to the Company	(340,264)	(152,370)	(4,035)	(496,669)
Adoption of new accounting guidance	—	40,358	7,036	47,394
Carried interest receivable, December 31, 2015	<u>\$ 373,871</u>	<u>\$ 240,844</u>	<u>\$ 29,192</u>	<u>\$ 643,907</u>

The change in fair value of funds includes the reversal of previously realized carried interest income due to the general partner obligation to return previously distributed carried interest income. The general partner obligation is recognized based upon a hypothetical liquidation of a fund's net assets as of the reporting date. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of a fund's investments based on the contractual termination of the fund or as otherwise set forth in the respective limited partnership agreement of the fund. See note 15 for further disclosure regarding the general partner obligation.

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

**8. PROFIT SHARING PAYABLE**

Profit sharing payable from private equity, credit and real estate funds consisted of the following:

	As of December 31, 2015	As of December 31, 2014
Private Equity	\$ 118,963	\$ 240,595
Credit	165,392	186,307
Real Estate	11,319	7,950
Total profit sharing payable	<u>\$ 295,674</u>	<u>\$ 434,852</u>

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The table below provides a roll-forward of the profit sharing payable balance for the years ended December 31, 2015 and 2014:

	<u>Private Equity</u>	<u>Credit</u>	<u>Real Estate</u>	<u>Total</u>
Profit sharing payable, January 1, 2014	\$ 751,192	\$ 234,504	\$ 6,544	\$ 992,240
Profit sharing expense <sup>(1)</sup>	178,373	95,070	2,747	276,190
Payments/other	(688,970)	(143,267)	(1,341)	(833,578)
Profit sharing payable, December 31, 2014	\$ 240,595	\$ 186,307	\$ 7,950	\$ 434,852
Profit sharing expense <sup>(1)(2)</sup>	52,807	42,172	5,076	100,055
Payments/other	(174,439)	(63,087)	(1,707)	(239,233)
Profit sharing payable, December 31, 2015	<u>\$ 118,963</u>	<u>\$ 165,392</u>	<u>\$ 11,319</u>	<u>\$ 295,674</u>

- (1) Includes (i) changes in amounts payable to employees and former employees entitled to a share of carried interest income in Apollo's funds and (ii) changes to the fair value of the contingent consideration obligations recognized in connection with certain Apollo acquisitions. See notes 6 and 16 for further disclosure regarding the contingent consideration obligations.
- (2) The Company has recorded a receivable from the Contributing Partners and certain employees and former employees for the potential return of profit sharing distributions that would be due if certain funds were liquidated as of December 31, 2015. See note 15 for further disclosure.

**9. OTHER ASSETS**

Other assets consisted of the following:

	<u>As of December 31,</u>	
	<u>2015</u>	<u>2014</u>
Fixed assets	\$ 105,439	\$ 104,617
Less: Accumulated depreciation and amortization	(73,803)	(68,711)
Fixed assets, net	31,636	35,906
Prepaid expenses	48,421	32,873
Tax receivables	4,466	23,286
Interest Receivable	105	11,059
Other	11,216	11,117
Total Other Assets	<u>\$ 95,844</u>	<u>\$ 114,241</u>

Depreciation expense for the years ended December 31, 2015, 2014 and 2013 was \$10.5 million, \$10.2 million and \$11.0 million, respectively.

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**10. OTHER INCOME, NET**

Other income, net consisted of the following:

	For the Year Ended December 31,		
	2015	2014	2013
Tax receivable agreement adjustment	\$ —	\$ 32,182	\$ 13,038
Gain on derivatives	—	14,039	10,203
Gain (Loss) on extinguishment of liability/debt	—	13,395	(2,741)
Rental income	4,349	5,566	5,334
Foreign exchange gain (loss)	1,719	(7,131)	4,142
Loss on assets held for sale	—	—	(1,087)
Other	1,605	2,541	11,225
Total Other Income, Net	<u>\$ 7,673</u>	<u>\$ 60,592</u>	<u>\$ 40,114</u>

**11. INCOME TAXES**

The Company is treated as a partnership for income tax purposes and is therefore not subject to U.S. federal, state and local income taxes. APO Corp., a wholly-owned subsidiary of the Company, is subject to U.S. federal, state and local corporate income taxes. Certain other subsidiaries of the Company are subject to NYC UBT attributable to the Company's operations apportioned to New York City. In addition, certain non-U.S. subsidiaries of the Company are subject to income taxes in their local jurisdictions.

The Company's provision for income taxes totaled \$26.7 million, \$147.2 million and \$107.6 million for the years ended December 31, 2015, 2014 and 2013, respectively. The Company's effective tax rate was approximately 7.1%, 16.8% and 4.3% for the years ended December 31, 2015, 2014 and 2013, respectively.

The provision for income taxes is presented in the following table:

	For the Year Ended December 31,		
	2015	2014	2013
<b>Current:</b>			
Federal income tax	\$ (10,108)	\$ 53,426	\$ 30,422
Foreign income tax	7,842 <sup>(1)</sup>	6,080	4,733
State and local income tax	2,573	7,369	9,728
Subtotal	<u>307</u>	<u>66,875</u>	<u>44,883</u>
<b>Deferred:</b>			
Federal income tax	19,581	28,702	40,955
Foreign income tax	(256) <sup>(1)</sup>	(137)	130
State and local income tax	7,101	51,805	21,601
Subtotal	<u>26,426</u>	<u>80,370</u>	<u>62,686</u>
Total Income Tax Provision	<u>\$ 26,733</u>	<u>\$ 147,245</u>	<u>\$ 107,569</u>

(1) The foreign income tax provision was calculated on \$27.6 million of pre-tax income generated in foreign jurisdictions.

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The following table reconciles the provision for taxes to the U.S. Federal statutory tax rate:

	<b>For the Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
U.S. Statutory Tax Rate	35.0 %	35.0 %	35.0 %
Income Passed Through to Non-Controlling Interests	(26.4)	(23.4)	(24.1)
Income Passed Through to Class A Shareholders	(4.4)	0.1	(7.9)
Equity Based Compensation - AOG Units	—	—	0.2
Foreign Income Tax	1.1	0.4	0.1
State and Local Income Taxes (net of Federal Benefit)	2.1	4.7	1.1
Amortization & Other Accrual Adjustments	(0.3)	—	(0.1)
Effective Income Tax Rate	<u>7.1 %</u>	<u>16.8 %</u>	<u>4.3 %</u>

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

The Company's deferred tax assets and liabilities on the consolidated statements of financial condition consist of the following:

	<b>As of December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Deferred Tax Assets:</b>		
Depreciation and amortization	\$ 567,018	\$ 543,288
Revenue recognition	31,363	40,250
Net operating loss carryforwards	47,139	—
Equity-based compensation - RSUs and AAA RDUs	4,551	35,678
Foreign tax credit	8,996	3,457
Other	5,472	1,437
Total Deferred Tax Assets	<u>664,539</u>	<u>624,110</u>
<b>Deferred Tax Liabilities:</b>		
Unrealized gains from investments	13,274	13,053
Other	5,058	4,340
Total Deferred Tax Liabilities	<u>\$ 18,332</u>	<u>\$ 17,393</u>

As of December 31, 2015, the Company had approximately \$121.3 million of federal net operating loss ("NOL") carryforwards and \$94.8 million of state and local net operating loss carryforwards that will begin to expire in 2036. As a result of certain realization requirements of ASC 718, the table of deferred tax assets and liabilities does not include certain deferred tax assets as of December 31, 2015 that arose directly from tax deductions related to equity-based compensation greater than compensation recognized for financial reporting. Equity will be increased by \$22.3 million if and when such excess tax benefits are ultimately realized. The Company uses tax law ordering when determining when excess tax benefits have been realized. In addition, the Company's foreign tax credit carryforwards will begin to expire in 2021.

The Company considered its historical and current year earnings, current utilization of existing deferred tax assets and deferred tax liabilities, the 15 year amortization periods of the tax basis of its intangible assets and short and long term business forecasts in evaluating whether it should establish a valuation allowance. Based on this positive evidence, the Company concluded it is more likely than not that the deferred tax assets will be realized and that no valuation allowance was needed at December 31, 2015.

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Under U.S. GAAP, a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. Based upon the Company's review of its federal, state, local and foreign income tax returns and tax filing positions, the Company determined that no unrecognized tax benefits for uncertain tax positions were required to be recorded. In addition, the Company does not believe that it has any tax positions for which it is reasonably possible that it will be required to record significant amounts of unrecognized tax benefits within the next twelve months.

The Company's primary jurisdictions in which it operates are the United States, New York State, New York City, California and the United Kingdom. In the normal course of business, the Company is subject to examination by federal and certain state, local and foreign tax authorities. With a few exceptions, as of December 31, 2015, the Company's U.S. federal, state, local and foreign income tax returns for the years 2012 through 2015 are open under the general statute of limitations provisions and therefore subject to examination. Currently, the Internal Revenue Service is examining the tax return of a subsidiary for the 2012 tax year. The State and City of New York are examining certain subsidiaries' tax returns for tax years 2011 and 2013, and the City of Los Angeles is examining certain subsidiaries' tax returns for the years 2011 to 2013. Additionally, the Company completed the Internal Revenue Service examination of the tax return for 2011 for Apollo Global Management, LLC with no change.

The Company has recorded a deferred tax asset for the future amortization of tax basis intangibles as a result of the 2007 Reorganization. The Company recorded additional deferred tax assets as a result of the step-up in tax basis of intangibles from subsequent exchanges of AOG Units for Class A shares. A related tax receivable agreement liability was recorded in due to affiliates in the consolidated statements of financial condition for the expected payments under the tax receivable agreement entered into by and among APO Corp., the Managing Partners, the Contributing Partners, and other parties thereto (as amended, the "tax receivable agreement") (see note 15). The increases in the deferred tax asset less the related liability resulted in increases to additional paid-in capital which were recorded in the consolidated statements of changes in shareholders' equity for the years ended December 31, 2015 and 2014. The amortization period for these tax basis intangibles is 15 years and the deferred tax assets will reverse over the same period.

The tables below present the transactions related to the exchange of AOG Units for Class A shares during the years ended December 31, 2015, 2014 and 2013 and the resulting impact to the deferred tax asset, tax receivable agreement liability and additional paid-in capital.

<b>Exchange of AOG Units for Class A shares</b>	<b>Increase in Deferred Tax Asset</b>	<b>Increase in Tax Receivable Agreement Liability</b>	<b>Increase to Additional Paid In Capital</b>
For the Year Ended December 31, 2015	\$ 61,720	\$ 45,432	\$ 16,288
For the Year Ended December 31, 2014	58,696	47,878	10,818
For the Year Ended December 31, 2013	149,327	126,928	22,399

During the years ended December 31, 2014 and 2013, the Company adjusted the estimated rate of tax it expects to pay in the future and thereby reduced its net deferred tax assets, and increased its income tax provision, by \$36.2 million and \$16.9 million, respectively (see note 15 for details regarding the impact on the tax receivable agreement liability).

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**12. DEBT**

Debt consisted of the following:

	As of December 31, 2015		As of December 31, 2014	
	Outstanding Balance	Annualized Weighted Average Interest Rate	Outstanding Balance	Annualized Weighted Average Interest Rate
2013 AMH Credit Facilities - Term Facility <sup>(1)</sup>	\$ 499,327	1.44%	\$ 499,107	1.36%
2024 Senior Notes <sup>(2)</sup>	494,555	4.00	493,902	4.00
2014 AMI Term Facility I <sup>(3)</sup>	14,543	2.15	16,204	2.34
2014 AMI Term Facility II <sup>(4)</sup>	16,830	1.85	18,752	1.93
<b>Total Debt</b>	<b>\$ 1,025,255</b>		<b>\$ 1,027,965</b>	

- (1) Outstanding balance is presented net of unamortized debt issuance costs of \$0.7 million and \$0.9 million as of December 31, 2015 and 2014, respectively.
- (2) Includes impact of any amortization of note discount. Outstanding balance is presented net of unamortized debt issuance costs of \$4.6 million and \$5.2 million as of December 31, 2015 and 2014, respectively.
- (3) On July 3, 2014, Apollo Management International LLP ("AMI"), a subsidiary of the Company, entered into a €13.4 million five year credit agreement (the "2014 AMI Term Facility I"). Proceeds from the borrowing were used to fund the Company's investment in a European CLO it manages.
- (4) On December 9, 2014, AMI entered into a €15.5 million five year credit agreement (the "2014 AMI Term Facility II"). Proceeds from the borrowing were used to fund the Company's investment in a European CLO it manages.

**2007 AMH Credit Agreement**—On April 20, 2007, Apollo Management Holdings, L.P. ("AMH"), a subsidiary of the Company which is a Delaware limited partnership, entered into a \$1.0 billion seven year credit agreement (the "2007 AMH Credit Agreement"). Interest payable under the 2007 AMH Credit Agreement was based on Eurodollar LIBOR or Alternate Base Rate ("ABR") as determined by the borrower. On December 20, 2010, Apollo amended the 2007 AMH Credit Agreement to extend the maturity date of \$995.0 million (including the \$90.9 million of fair value debt repurchased by the Company) of the term loan from April 20, 2014 to January 3, 2017 and modified certain other terms of the 2007 AMH Credit Agreement. On December 20, 2010, an affiliate of AMH that was a guarantor under the 2007 AMH Credit Agreement repurchased approximately \$180.8 million of the term loan in connection with the extension of the maturity date of such loan and thus the 2007 AMH Credit Agreement (excluding the portions held by AMH affiliates) had a remaining balance of \$728.3 million. Interest expense incurred by the Company related to the 2007 AMH Credit Agreement was \$28.3 million for the year ended December 31, 2013. Amortization expense related to the 2007 AMH Credit Agreement was \$0.7 million for the year ended December 31, 2013.

The outstanding loans under the 2007 AMH Credit Agreement were refinanced on December 18, 2013 with the net proceeds from the 2013 AMH Credit Facilities (as defined below). Additionally, the net proceeds were used to pay fees and expenses associated with the 2013 AMH Credit Facilities. The 2007 AMH Credit Agreement and all related loan documents and security with respect thereto were terminated in connection with the refinancing.

**2013 AMH Credit Facilities**—On December 18, 2013, AMH and its subsidiaries and certain other subsidiaries of the Company (collectively, the "Borrowers") entered into new credit facilities (the "2013 AMH Credit Facilities") with JPMorgan Chase Bank, N.A. The 2013 AMH Credit Facilities provide for (i) a term loan facility to AMH (the "Term Facility") that includes \$750 million of the term loan from third-party lenders and \$271.7 million of the term loan held by a subsidiary of the Company and (ii) a \$500 million revolving credit facility (the "Revolver Facility"), in each case, with a final maturity date of January 18, 2019.

Interest on the borrowings is based on an adjusted LIBOR rate or alternate base rate, in each case plus an applicable margin, and undrawn revolving commitments bear a commitment fee. Under the terms of the 2013 AMH Credit Facilities, the applicable margin ranges from 1.125% to 1.75% for LIBOR loans and 0.125% to 0.75% for alternate base rate loans, and the undrawn revolving commitment fee ranges from 0.125% to 0.25%, in each case depending on the Company's corporate rating assigned by Standard & Poor's Ratings Group, Inc. The 2013 AMH Credit Facilities do not require any scheduled amortization payments or other mandatory prepayments (except with respect to overadvances on the Revolver Facility) prior to the final maturity date, and the Borrowers may prepay the loans and/or terminate or reduce the revolving commitments under the 2013 AMH Credit Facilities at any time without penalty. In connection with the issuance of the 2024 Senior Notes (as defined below), \$250 million

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of the proceeds were used to repay a portion of the Term Facility outstanding with third party lenders at par. The interest rate on the \$500 million Term Facility as of December 31, 2015 was 1.65% and the commitment fee as of December 31, 2015 on the \$500 million undrawn Revolver Facility was 0.125%. Interest expense incurred by the Company related to the 2013 AMH Credit Facilities was \$7.8 million, \$9.0 million and \$0.4 million for the years ended December 31, 2015, 2014 and 2013, respectively. Debt issuance cost amortization expense related to the 2013 AMH Credit Facilities was \$0.8 million and \$1.0 million for the years ended December 31, 2015 and 2014, respectively.

The estimated fair value of the Company's long-term debt obligation related to the 2013 AMH Credit Facilities is approximately \$501.3 million based on obtained broker quotes as of December 31, 2015. The \$500.0 million carrying value of debt that is recorded on the consolidated statements of financial condition at December 31, 2015 is the amount for which the Company expects to settle the 2013 AMH Credit Facilities. The Company has determined that the long-term debt obligation related to the 2013 AMH Credit Facilities would be categorized as a Level III liability in the fair value hierarchy based on the number and quality of broker quotes obtained, the standard deviations of the observed broker quotes and the percentage deviation from independent pricing services.

As of December 31, 2015, the 2013 AMH Credit Facilities were guaranteed and collateralized by AMH and its subsidiaries, Apollo Management, L.P., Apollo Capital Management, L.P., Apollo International Management, L.P., AAA Holdings, L.P., Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings III, L.P., Apollo Principal Holdings IV, L.P., Apollo Principal Holdings V, L.P., Apollo Principal Holdings VI, L.P., Apollo Principal Holdings VII, L.P., Apollo Principal Holdings VIII, L.P., Apollo Principal Holdings IX, L.P., Apollo Principal Holdings X, L.P., ST Holdings GP, LLC and ST Management Holdings, LLC. The 2013 AMH Credit Facilities contain affirmative and negative covenants which limit the ability of the Borrowers, the guarantors and certain of their subsidiaries to, among other things, incur indebtedness and create liens. Additionally, the 2013 AMH Credit Facilities contain financial covenants which require the Borrowers and their subsidiaries to maintain (1) at least \$40 billion of Fee-Generating Assets Under Management and (2) a maximum total net leverage ratio of not more than 4.00 to 1.00 (subject to customary equity cure rights). The 2013 AMH Credit Facilities also contain customary events of default, including events of default arising from non-payment, material misrepresentations, breaches of covenants, cross default to material indebtedness, bankruptcy and changes in control of the Company.

Borrowings under the Revolver Facility may be used for working capital and general corporate purposes, including, without limitation, permitted acquisitions. In addition, the Borrowers may incur incremental facilities in respect of the Revolver Facility and the Term Facility in an aggregate amount not to exceed \$500 million plus additional amounts so long as the Borrowers are in compliance with a net leverage ratio not to exceed 3.75 to 1.00. As of December 31, 2015 and 2014, the Revolver Facility was undrawn.

**2024 Senior Notes**—On May 30, 2014, AMH issued \$500 million in aggregate principal amount of its 4.000% Senior Notes due 2024 (the "2024 Senior Notes"), at an issue price of 99.722% of par. Interest on the 2024 Senior Notes is payable semi-annually in arrears on May 30 and November 30 of each year. The 2024 Senior Notes will mature on May 30, 2024. The discount will be amortized into interest expense on the consolidated statements of operations over the term of the 2024 Senior Notes. Interest expense incurred by the Company related to the 2024 Senior Notes was \$20.0 million and \$11.7 million for the years ended December 31, 2015 and 2014, respectively.

Prior to the adoption of the updated debt issuance cost guidance as described in note 2, the Company capitalized debt issuance costs of \$5.5 million incurred in connection with the issuance of the 2024 Senior Notes, which was recorded in other assets in the consolidated statements of financial condition as of December 31, 2015, to be amortized over the term of the notes. As a result of the Company's adoption of the new accounting guidance, the Company has retrospectively adjusted the debt issuance costs that were initially capitalized and reported in other assets to debt as a direct deduction of the carrying amount of the related debt arrangement. The debt issuance costs will continue to be amortized as an increase to interest expense over the term of the debt arrangement. As such, the debt issuance cost amortization expense related to the issuance of the 2024 Senior Notes was \$0.6 million and \$0.3 million for the years ended December 31, 2015 and 2014, respectively.

As of December 31, 2015, the 2024 Senior Notes were guaranteed by Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings III, L.P., Apollo Principal Holdings IV, L.P., Apollo Principal Holdings V, L.P., Apollo Principal Holdings VI, L.P., Apollo Principal Holdings VII, L.P., Apollo Principal Holdings VIII, L.P., Apollo Principal Holdings IX, L.P., Apollo Principal Holdings X, L.P., AMH Holdings (Cayman), L.P. and any other entity that is required to become a guarantor of the notes under the terms of the indenture governing the 2024 Senior Notes (the "2024 Senior Notes Indenture"). The 2024 Senior Notes Indenture includes covenants that restrict the ability of AMH and, as applicable, the guarantors to incur



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indebtedness secured by liens on voting stock or profit participating equity interests of their respective subsidiaries or merge, consolidate or sell, transfer or lease assets. The 2024 Senior Notes Indenture also provides for customary events of default.

The estimated fair value of the Company's long-term debt obligation related to the 2024 Senior Notes is approximately \$495.3 million based on obtained broker quotes as of December 31, 2015. The face amount of \$500.0 million related to the 2024 Senior Notes is the amount for which the Company is obligated to settle the 2024 Senior Notes. The Company has determined that the long-term debt obligation related to the 2024 Senior Notes would be categorized as a Level II liability in the fair value hierarchy based on the number and quality of broker quotes obtained, the standard deviations of the observed broker quotes and the percentage deviation from independent pricing services.

As of December 31, 2015, the table below presents the contractual maturities for the Company's debt arrangements:

	2016	2017	2018	2019	2020	Thereafter	Total
2013 AMH Credit Facilities - Term Facility	\$ —	\$ —	\$ —	\$ 500,000	\$ —	\$ —	\$ 500,000
2024 Senior Notes	—	—	—	—	—	500,000	\$ 500,000
2014 AMI Term Facility I	—	—	—	14,543	—	—	\$ 14,543
2014 AMI Term Facility II	—	—	—	16,830	—	—	\$ 16,830
Total Obligations as of December 31, 2015	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 531,373</u>	<u>\$ —</u>	<u>\$ 500,000</u>	<u>\$ 1,031,373</u>

**13. NET INCOME (LOSS) PER CLASS A SHARE**

The table below presents basic and diluted net income per Class A share using the two-class method for the years ended December 31, 2015, 2014 and 2013:

	Basic and Diluted		
	For the Year Ended December 31,		
	2015	2014	2013
Numerator:			
Net income attributable to Apollo Global Management, LLC	\$ 134,497	\$ 168,229	\$ 659,391
Distributions declared on Class A shares	(339,397) <sup>(1)</sup>	(483,458) <sup>(1)</sup>	(556,954) <sup>(1)</sup>
Distributions on participating securities <sup>(4)</sup>	(28,497)	(72,074)	(93,235)
Earnings allocable to participating securities	— <sup>(2)</sup>	— <sup>(2)</sup>	(1,394)
Undistributed income (loss) attributable to Class A shareholders: Basic and Diluted	(233,397)	(387,303)	7,808
Dilution effect on undistributed income attributable to Class A shareholders	—	—	9,106
Dilution effect on distributable income attributable to participating securities	—	—	(1,329)
Undistributed income (loss) attributable to Class A shareholders: Diluted	<u>\$ (233,397)</u>	<u>\$ (387,303)</u>	<u>\$ 15,585</u>
Denominator:			
Weighted average number of Class A shares outstanding: Basic	173,271,666	155,349,017	139,173,386
Dilution effect of share options and unvested RSUs	—	—	3,040,964
Weighted average number of Class A shares outstanding: Diluted	<u>173,271,666</u>	<u>155,349,017</u>	<u>142,214,350</u>
Net Income per Class A share: Basic			
Distributed Income	\$ 1.96	\$ 3.11	\$ 4.00
Undistributed Income (Loss)	(1.35)	(2.49)	0.06
Net Income per Class A Share: Basic	<u>\$ 0.61</u>	<u>\$ 0.62</u>	<u>\$ 4.06</u>
Net Income per Class A share: Diluted <sup>(3)</sup>			
Distributed Income	\$ 1.96	\$ 3.11	\$ 3.92
Undistributed Income (Loss)	(1.35)	(2.49)	0.11
Net Income per Class A Share: Diluted	<u>\$ 0.61</u>	<u>\$ 0.62</u>	<u>\$ 4.03</u>

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- (1) See note 15 for information regarding the quarterly distributions declared and paid during 2015, 2014 and 2013.
- (2) No allocation of undistributed losses was made to the participating securities as the holders do not have a contractual obligation to share in the losses of the Company with Class A shareholders.
- (3) For the years ended December 31, 2015 and 2014, the Company had an undistributed loss attributable to Class A shareholders and none of the classes of securities resulted in dilution. For the years ended December 31, 2015 and 2014, all of the classes of securities were anti-dilutive. For the year ended December 31, 2013 share options and unvested RSUs were determined to be dilutive, and were accordingly included in the diluted earnings per share calculation. For the year ended December 31, 2013, the AOG Units and participating securities were determined to be anti-dilutive and were accordingly excluded from the diluted earnings per share calculation.
- (4) Participating securities consist of vested and unvested RSUs that have rights to distributions and unvested restricted shares.

The Company has granted RSUs that provide the right to receive, subject to vesting, Class A shares of Apollo Global Management, LLC, pursuant to the Company's 2007 Omnibus Equity Incentive Plan. Certain RSU grants to employees provide the right to receive distribution equivalents on vested RSUs on an equal basis any time a distribution is declared. The Company refers to these RSU grants as "Plan Grants." For certain Plan Grants, distribution equivalents are paid in January of the calendar year next following the calendar year in which a distribution on Class A shares was declared. In addition, certain RSU grants to employees provide that both vested and unvested RSUs participate in distribution equivalents on an equal basis with the Class A shareholders any time a distribution is declared. The Company refers to these as "Bonus Grants."

Any distribution equivalent paid to an employee will not be returned to the Company upon forfeiture of the award by the employee. Vested and unvested RSUs that are entitled to non-forfeitable distribution equivalents qualify as participating securities and are included in the Company's basic and diluted earnings per share computations using the two-class method. The holder of an RSU participating security would have a contractual obligation to share in the losses of the entity if the holder is obligated to fund the losses of the issuing entity or if the contractual principal or mandatory redemption amount of the participating security is reduced as a result of losses incurred by the issuing entity. Because the RSU participating securities do not have a mandatory redemption amount and the holders of the participating securities are not obligated to fund losses, neither the vested RSUs nor the unvested RSUs are subject to any contractual obligation to share in losses of the Company.

Holders of AOG Units are subject to the vesting requirements and transfer restrictions set forth in the agreements with the respective holders, and may a limited number of times each year, upon notice (subject to the terms of the Exchange Agreement), exchange their AOG Units for Class A shares on a one-for-one basis. A limited partner must exchange one partnership unit in each of the Apollo Operating Group partnerships to effectuate an exchange for one Class A share.

Apollo Global Management, LLC has one Class B share outstanding, which is held by BRH Holdings GP, Ltd. ("BRH"). The voting power of the Class B share is reduced on a one vote per one AOG Unit basis in the event of an exchange of AOG Units for Class A shares, as discussed above. The Class B share has no net income (loss) per share as it does not participate in Apollo's earnings (losses) or distributions. The Class B share has no distribution or liquidation rights. The Class B share has voting rights on a pari passu basis with the Class A shares. The Class B share represented 61.4%, 65.4% and 69.3% of the total voting power of the Company's shares entitled to vote as of December 31, 2015, 2014 and 2013, respectively.

The following table summarizes the anti-dilutive securities for the years ended December 31, 2015, 2014 and 2013, respectively.

	<b>For the Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Weighted average vested RSUs	9,984,862	19,541,458	20,664,694
Weighted average unvested RSUs	4,858,935	9,556,131	—
Weighted average unexercised options	227,086	548,441	—
Weighted average AOG Units outstanding	219,575,738	225,005,386	234,132,052
Weighted average unvested restricted shares	90,985	—	—

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The table below presents transactions in Class A shares each quarter during the years ended December 31, 2015, 2014 and 2013, and the resulting impact on the Company's and Holdings' ownership interests in the Apollo Operating Group:

<b>Date</b>	<b>Type of Class A Shares Transaction</b>	<b>Number of Shares Issued in Class A Shares Transaction (in thousands)</b>	<b>Apollo Global Management, LLC ownership% in Apollo Operating Group before Class A Shares Transaction</b>	<b>Apollo Global Management, LLC ownership% in Apollo Operating Group after Class A Shares Transaction</b>	<b>Holdings ownership% in Apollo Operating Group before Class A Shares Transaction</b>	<b>Holdings ownership% in Apollo Operating Group after Class A Shares Transaction</b>
Quarter Ended March 31, 2013	Issuance	2,091	35.1%	35.5%	64.9%	64.5%
Quarter Ended June 30, 2013	Issuance/Offering	9,577 <sup>(1)</sup>	35.5	38.0	64.5	62.0
Quarter Ended September 30, 2013	Issuance	1,977	38.0	38.3	62.0	61.7
Quarter Ended December 31, 2013	Issuance/Exchange	2,581 <sup>(1)</sup>	38.3	39.0	61.7	61.0
Quarter Ended March 31, 2014	Issuance	2,672	39.0	39.4	61.0	60.6
Quarter Ended June 30, 2014	Issuance/Exchange	7,344 <sup>(1)</sup>	39.4	41.2	60.6	58.8
Quarter Ended September 30, 2014	Issuance	3,660	41.2	41.8	58.8	58.2
Quarter Ended December 31, 2014	Issuance/Exchange	3,090 <sup>(1)</sup>	41.8	42.3	58.2	57.7
Quarter Ended March 31, 2015	Issuance/Exchange	4,866 <sup>(1)</sup>	42.3	43.0	57.7	57.0
Quarter Ended June 30, 2015	Issuance/Exchange	4,275 <sup>(1)</sup>	43.0	43.8	57.0	56.2
Quarter Ended September 30, 2015	Issuance/Exchange	6,819 <sup>(1)</sup>	43.8	45.3	56.2	54.7
Quarter Ended December 31, 2015	Issuance/Exchange	2,067	45.3	45.6	54.7	54.4

(1) In May 2013, November 2013, May 2014, October 2014, February 2015, May 2015, August 2015 and November 2015, certain holders of AOG Units exchanged their AOG Units for Class A shares and approximately 8.8 million, 2.3 million, 6.2 million, 0.1 million, 0.2 million, 1.8 million, 4.4 million and 27.5 thousand Class A shares, respectively, were issued by the Company in the exchanges.

**14. EQUITY-BASED COMPENSATION**

**AOG Units**

The fair value of the AOG Units of approximately \$5.6 billion was charged to compensation expense on a straight-line basis over the five or six year service period, as applicable. For the year ended December 31, 2013, compensation expense of \$30.0 million was recognized. The AOG Units were fully vested and amortized as of June 30, 2013.

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The following table summarizes the activity of the AOG Units for the year ended December 31, 2013:

	AOG Units	Weighted Average Grant Date Fair Value
Balance at January 1, 2013	1,500,366	\$ 20.00
Vested	(1,500,366)	20.00
Balance at December 31, 2013	—	\$ —

**RSUs**

The Company grants RSUs under the Company's 2007 Omnibus Equity Incentive Plan. These grants are accounted for as a grant of equity awards in accordance with U.S. GAAP. The fair value of all grants after March 29, 2011 is based on the grant date fair value, which considers the public share price of the Company. For Plan Grants, the grant date fair value is based on the grant date public share price of the Company's Class A shares discounted primarily for transfer restrictions and lack of distributions until vested. For Bonus Grants, the grant date fair value is based on the grant date public share price of the Company's Class A shares discounted primarily for transfer restrictions and in certain cases timing of distributions. The following table summarizes the weighted average discounts for Plan Grants and Bonus Grants for the years ended December 31, 2015, 2014 and 2013.

	For the Year Ended December 31,		
	2015	2014	2013
<b>Plan Grants:</b>			
Discount for the lack of distributions until vested <sup>(1)</sup>	26.0%	32.5%	30.5%
Marketability discount for transfer restrictions <sup>(2)</sup>	4.2%	5.1%	6.0%
<b>Bonus Grants:</b>			
Marketability discount for transfer restrictions <sup>(2)</sup>	2.2%	3.2%	3.2%

(1) Based on the present value of a growing annuity calculation.

(2) Based on the Finnerty Model calculation.

The estimated total fair value is charged to compensation expense on a straight-line basis over the vesting period, which for Plan Grants is generally up to six years, with the first installment vesting one year after grant and quarterly vesting thereafter, and for Bonus Grants is annual vesting over three years. The fair value of grants made during the years ended December 31, 2015, 2014 and 2013 was \$70.6 million, \$149.1 million, and \$56.6 million, respectively. The actual forfeiture rate was 1.2%, 6.7% and 5.3% for the years ended December 31, 2015, 2014 and 2013, respectively. Compensation expense recognized for the years ended December 31, 2015, 2014 and 2013 was \$65.7 million, \$80.7 million, and \$87.7 million, respectively.

In addition, during 2014, the Company entered into an agreement with an executive officer providing for the grant of RSUs when certain metrics have been achieved. In accordance with U.S. GAAP, equity-based compensation expense is recognized only when certain metrics are met or deemed probable. Accordingly, for the years ended December 31, 2015, and 2014, no equity-based compensation expense was recognized relating to these RSUs.

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The following table summarizes RSU activity for the years ended December 31, 2015, 2014 and 2013:

	Unvested	Weighted Average Grant Date Fair Value	Vested	Total Number of RSUs Outstanding
Balance at January 1, 2013	14,724,474	\$ 11.62	22,512,930	37,237,404 <sup>(1)</sup>
Granted	2,101,277	26.95	—	2,101,277
Forfeited	(888,594)	13.30	—	(888,594)
Delivered	—	12.30	(6,879,050)	(6,879,050)
Vested	(7,159,871)	12.60	7,159,871	—
Balance at December 31, 2013	8,777,286	14.32	22,793,751	31,571,037 <sup>(1)</sup>
Granted	7,046,490	21.16	—	7,046,490
Forfeited <sup>(2)</sup>	(1,055,639)	12.19	—	(1,055,639)
Delivered	—	12.96	(9,490,011)	(9,490,011)
Vested <sup>(2)</sup>	(4,050,502)	16.75	4,050,502	—
Balance at December 31, 2014	10,717,635	18.11	17,354,242	28,071,877 <sup>(1)</sup>
Granted	4,634,950	15.24	—	4,634,950
Forfeited	(186,741)	20.70	—	(186,741)
Delivered	—	13.16	(15,185,890)	(15,185,890)
Vested	(4,125,701)	19.35	4,125,701	—
Balance at December 31, 2015	11,040,143	\$ 16.40	6,294,053	17,334,196 <sup>(1)</sup>

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

(2) In connection with the departure of an employee from the Company, such employee vested in 625,000 RSUs that were previously granted to him and forfeited 625,000 RSUs that were previously granted to him. As a result of the additional vesting, the Company recorded an incremental compensation expense of \$17.5 million related to the relevant RSU award for the year ended December 31, 2014.

**Units Expected to Vest**—As of December 31, 2015, approximately 10,400,000 RSUs were expected to vest over the next 3.3 years.

**Restricted Share Awards**

In connection with the Venator Acquisition and a performance-based incentive plan, the Company issued \$5.0 million of restricted Class A shares. Based on the terms of the awards of the Company's Class A shares, equity-based compensation will be expensed over two years. For the year ended December 31, 2015, 359,367 restricted shares were granted. Compensation expense recognized for the year ended December 31, 2015 related to these restricted shares was \$2.7 million. There were no forfeitures of restricted shares during the year ended December 31, 2015.

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**Share Options**

The Company has granted options under the 2007 Omnibus Equity Incentive Plan. For the years ended December 31, 2015, 2014 and 2013, compensation expense of \$0.1 million, \$28.2 million and \$4.7 million was recognized as a result of these grants, respectively. In connection with the departure of an employee from the Company, such employee vested in 1,250,000 share options that were previously granted to him and forfeited 1,250,000 share options that were previously granted to him. As a result of the additional vesting, the Company recorded an incremental compensation expense of \$28.1 million related to the relevant option award agreement for the year ended December 31, 2014.

There were no share options granted during the years ended December 31, 2015, 2014 and 2013. Apollo measures the fair value of each option award on the date of grant using the Black-Scholes option-pricing model.

The following table summarizes the share option activity for the years ended December 31, 2015, 2014 and 2013:

	Options Outstanding	Weighted Average Exercise Price	Aggregate Fair Value	Weighted Average Remaining Contractual Term
Balance at January 1, 2013	5,275,000	\$ 8.44	\$ 29,020	8.01
Exercised	(2,324,997)	8.12	(12,896)	—
Balance at December 31, 2013	2,950,003	8.69	16,124	7.08
Exercised	(1,468,750)	8.03	(8,217)	—
Forfeited	(1,250,000)	8.00	(7,025)	—
Balance at December 31, 2014	231,253	16.60	882	7.93
Exercised	(8,333)	12.38	(17)	—
Balance at December 31, 2015	222,920	17.69	\$ 865	6.95
Exercisable at December 31, 2015	118,751	\$ 17.14	\$ 384	6.99

**Options Expected to Vest**—As of December 31, 2015, approximately 100,000 options were expected to vest.

The expected life of the options granted represents the period of time that options are expected to be outstanding and is based on the contractual term of the option. Unamortized compensation cost related to unvested share options at December 31, 2015 was \$0.3 million and is expected to be recognized over a weighted average period of 2.5 years. The intrinsic value of options exercised was \$0.1 million, \$26.6 million and \$42.9 million for the years ended December 31, 2015, 2014 and 2013, respectively.

**Delivery of Class A Shares - RSUs and Share Options**

During the years ended December 31, 2015, 2014 and 2013, the Company delivered Class A shares in settlement of vested RSUs and exercised share options. The Company has generally allowed holders of vested RSUs and exercised share options to settle their tax liabilities by reducing the number of Class A shares delivered to them, which the Company refers to as “net share settlement.” Additionally, the Company has generally allowed holders of share options to settle their exercise price by reducing the number of Class A shares delivered to them at the time of exercise by an amount sufficient to cover the exercise price. The net share settlement results in a liability for the Company and a corresponding accumulated deficit adjustment. This adjustment for the years ended December 31, 2015, 2014 and 2013 was \$78.9 million, \$0.4 million and \$85.9 million, respectively.

The delivery of Class A shares in settlement of vested RSUs and exercised share options does not cause a transfer of amounts in the consolidated statements of changes in shareholders’ equity to the Class A shareholders. The delivery of Class A shares in settlement of vested RSUs and exercised share options causes the income allocated to the Non-Controlling Interests to shift to the Class A shareholders from the date of delivery forward. The table below summarizes the delivery of Class A shares in settlement of vested RSUs and exercised share options for the years ended December 31, 2015, 2014 and 2013:

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	For the Year Ended December 31,		
	2015	2014	2013
Class A shares delivered or issued	11,296,388	10,491,649	5,181,389
Gross value of shares <sup>(1)</sup>	\$ 325,747	\$ 289,000	\$ 212,900

(1) Based on the closing price of a Class A share at the time of delivery.

**AAA RDUs**

Incentive units that provide the right to receive AAA restricted depositary units (“RDUs”) following vesting are granted periodically to employees of Apollo. These grants are accounted for as equity awards in accordance with U.S. GAAP. The incentive units granted to employees generally vest over three years. The fair value at the date of the grants is recognized on a straight-line basis over the vesting period (or upon grant in the case of fully vested AAA RDUs). The grant date fair value is based on the public share price of AAA. Vested AAA RDUs can be converted into ordinary common units of AAA subject to applicable securities law restrictions. During the years ended December 31, 2015, 2014 and 2013, the actual forfeiture rate was 0.0%, 1.1% and 0.0%, respectively. For the years ended December 31, 2015, 2014 and 2013, compensation expense of \$0.7 million, \$0.4 million and \$1.2 million was recognized, respectively. The following table summarizes RDU activity for the years ended year ended December 31, 2015, 2014 and 2013, respectively:

	Unvested	Weighted Average Grant Date Fair Value	Vested	Total Number of RDUs Outstanding
Balance at January 1, 2013	338,430	\$ 8.85	114,896	453,326
Granted	27,286	26.90	—	27,286
Delivered	—	9.02	(114,896)	(114,896)
Vested	(120,354)	9.83	120,354	—
Balance at December 31, 2013	245,362	10.38	120,354	365,716
Granted	18,426	33.05	—	18,426
Forfeited	(2,861)	8.36	—	(2,861)
Delivered	—	9.02	(120,354)	(120,354)
Vested	(96,267)	11.17	96,267	—
Balance at December 31, 2014	164,660	12.49	96,267	260,927
Delivered	—	11.17	(96,267)	(96,267)
Vested	(96,268)	11.17	96,268	—
Balance at December 31, 2015	68,392	\$ 14.35	96,268	164,660

*Units Expected to Vest*—As of December 31, 2015, approximately 64,288 RDUs were expected to vest over the next 1.2 years.

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

	<b>RDUs Available For Future Grants</b>
Balance at January 1, 2013	1,685,345
Purchases	6,236
Granted/Issued	(39,272)
Forfeited	—
Balance at December 31, 2013	1,652,309
Purchases	9,719
Granted/Issued	(18,426)
Forfeited	2,861
Balance at December 31, 2014 and 2015	1,646,463

**Restricted Stock and Restricted Stock Unit Awards—ARI and AMTG**

ARI restricted stock awards, ARI restricted stock unit awards ("ARI RSUs") and AMTG restricted stock unit awards ("AMTG RSUs") granted to the Company and certain of the Company's employees generally vest over three years, either quarterly or annually. The awards granted to the Company are accounted for as investments and deferred revenue in the consolidated statements of financial condition. As these awards vest, the deferred revenue is recognized as management fees. The investment is accounted for using the equity method of accounting for awards granted to the Company and as a deferred compensation asset for the awards granted to employees. Compensation expense is recognized on a straight line-basis over the vesting period for the awards granted to the employees. The Company recorded an asset and a liability upon receiving the awards on behalf of the Company's employees. The fair value of the awards to employees is based on the grant date fair value, which utilizes the public share price of ARI and AMTG, less discounts for transfer restrictions as well as timing of distributions for the AMTG RSUs. The awards granted to the Company's employees are remeasured each period to reflect the fair value of the asset and other liabilities and any changes in these values are recorded in the consolidated statements of operations.

The following table summarizes the management fees, compensation expense, and forfeiture rates for the ARI restricted stock awards and ARI RSUs for the years ended December 31, 2015, 2014, and 2013:

	<b>For the Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Management fees	\$ 3,334	\$ 1,326	\$ 2,837
Compensation expense	3,081	1,329	2,047
Forfeiture rate	1.3%	—%	1.6%

The following table summarizes the management fees, compensation expense, and forfeiture rates for the AMTG RSUs for the years ended December 31, 2015, 2014, and 2013:

	<b>For the Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Management fees	\$ 1,171	\$ 915	\$ 849
Compensation expense	1,171	828	804
Forfeiture rate	2.5%	2.5%	1.3%



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The following tables summarize activity for the ARI restricted stock awards, ARI RSUs and AMTG RSUs that were granted to both the Company and certain of its employees for the years ended December 31, 2015, 2014 and 2013:

	ARI RSUs Unvested	Weighted Average Grant Date Fair Value	ARI RSUs Vested	Total Number of ARI RSUs Outstanding
Balance at January 1, 2013	237,542	\$ 14.62	113,148	350,690
Granted to employees of the Company	205,000	16.58	—	205,000
Granted to the Company	40,000	17.59	—	40,000
Forfeited by employees of the Company	(5,000)	16.66	—	(5,000)
Delivered	—	13.32	(18,978)	(18,978)
Vested awards of employees of the Company	(137,807)	15.48	137,807	—
Vested awards of the Company	(65,333)	15.41	65,333	—
Balance at December 31, 2013	274,402	15.86	297,310	571,712
Granted to employees of the Company	400,254	16.59	—	400,254
Delivered	—	14.76	(307,731)	(307,731)
Vested awards of employees of the Company	(129,148)	15.55	129,148	—
Vested awards of the Company	(65,333)	15.41	65,333	—
Balance at December 31, 2014	480,175	16.61	184,060	664,235
Granted to employees of the Company	642,056	17.15	—	642,056
Forfeited by employees of the Company	(13,500)	17.17	—	(13,500)
Delivered	—	14.99	(33,981)	(33,981)
Vested awards of employees of the Company	(201,586)	17.02	201,586	—
Vested awards of the Company	(13,335)	17.59	13,335	—
Balance at December 31, 2015	893,810	\$ 16.88	365,000	1,258,810

**Units Expected to Vest**—As of December 31, 2015, approximately 840,181 ARI RSUs were expected to vest over the next 2.7 years.

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	AMTG RSUs Unvested	Weighted Average Grant Date Fair Value	AMTG RSUs Vested	Total Number of AMTG RSUs Outstanding
Balance at January 1, 2013	161,257	\$ 20.28	12,862	174,119
Granted to employees of the Company	25,848	14.73	—	25,848
Forfeited by employees of the Company	(2,359)	18.74	—	(2,359)
Vested awards of employees of the Company	(51,259)	20.30	51,259	—
Vested awards of the Company	(6,250)	18.20	6,250	—
Balance at December 31, 2013	127,237	19.28	70,371	197,608
Granted to employees of the Company	130,124	16.01	—	130,124
Forfeited by employees of the Company	(4,855)	21.22	—	(4,855)
Delivered	—	17.56	(31,167)	(31,167)
Vested awards of employees of the Company	(57,982)	19.56	57,982	—
Vested awards of the Company	(4,688)	18.20	4,688	—
Balance at December 31, 2014	189,836	16.93	101,874	291,710
Forfeited by employees of the Company	(4,676)	15.75	—	(4,676)
Delivered	—	20.60	(138,862)	(138,862)
Vested awards of employees of the Company	(94,569)	18.02	94,569	—
Balance at December 31, 2015	90,591	\$ 15.85	57,581	148,172

*Units Expected to Vest*—As of December 31, 2015, approximately 85,156 AMTG RSUs were expected to vest over the next 1.9 years.

**Restricted Share Awards—Athene Holding**

Athene Holding has granted restricted share awards (“AHL Awards”) to certain employees of Apollo which function similarly to options in that they are exchangeable for Class A shares of Athene Holdings upon payment of a conversion price and other conditions being met. Certain of the awards granted are subject to time-based vesting conditions that generally vest over five years and certain of the awards vest once certain metrics have been achieved, such as attainment of certain rates of return and realized cash received by certain investors in Athene Holding upon sale of their shares. The AHL Awards are not convertible into Class A shares of Athene Holding until the completion of an initial public offering of Athene Holding. During 2014, the vesting terms of some of the AHL Awards were modified such that the portion of AHL Awards related to services provided from the date of grant were deemed vested.

The AHL Awards, are accounted for as a prepaid compensation asset within other assets and deferred revenue in the consolidated statements of financial condition. From the date of grant, the deferred revenue is recognized as management fees and the prepaid compensation asset is recognized as compensation expense over the vesting period. The fair value of the awards to employees is based on the grant date fair value, which utilizes the share price of Athene Holding, less discounts for transfer restrictions. Shares granted as part of the AHL Awards were valued using a multiple-scenario model, which considers the price volatility of the underlying stock price of Athene Holding, time to expiration and the risk-free rate. The awards granted are recognized as liability awards and are remeasured each period to reflect the fair value of the prepaid compensation asset and deferred revenue. Any changes in fair value are recorded in management fees and equity-based compensation expense in the consolidated statements of operations.

For the years ended December 31, 2015 and 2014, \$24.2 million and \$16.7 million of equity-based compensation expense was recognized in the consolidated statements of operations, respectively, related to AHL Awards granted to employees of Athene Asset Management.

The following table summarizes activity for the AHL Awards that were granted to certain employees of the company for the years ended December 31, 2015 and 2014:

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	AHL Awards Unvested	Weighted Average Grant Date Fair Value	AHL Awards Vested	Total Number of AHL Awards Outstanding
Balance at January 1, 2014	1,717,568	\$ 1.23	—	1,717,568
Granted to employees of the Company	850,000	9.31	—	850,000
Vested awards of the employees of the Company	(849,495)	3.69	849,495	—
Balance at December 31, 2014	1,718,073	4.00	849,495	2,567,568
Granted to employees of the Company	583,268	2.17	—	583,268
Vested awards of employees of the Company	(195,374)	6.04	195,374	—
Transfers <sup>(1)</sup>	(590,089)	2.72	—	(590,089)
Balance at December 31, 2015	<u>1,515,878</u>	<u>\$ 3.54</u>	<u>1,044,869</u>	<u>2,560,747</u>

(1) On January 1, 2015, certain employees of Athene Asset Management who had been granted AHL Awards became employees of Athene Holding, an unconsolidated affiliate of the Company.

There were no AHL Awards converted into Class A shares of Athene Holding during the years ended December 31, 2015 and 2014.

**Units Expected to Vest**—As of December 31, 2015, approximately 463,052 AHL Awards were expected to vest over the next 2.4 years and 1,052,826 AHL Awards may vest if certain metrics are achieved.

**Equity-Based Compensation Allocation**

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

Below is a reconciliation of the equity-based compensation allocated to Apollo Global Management, LLC for the year ended December 31, 2015:

	Total Amount	Non- Controlling Interest % in Apollo Operating Group	Allocated to Non- Controlling Interest in Apollo Operating Group <sup>(1)</sup>	Allocated to Apollo Global Management, LLC
RSUs and Share Options	\$ 68,535	—%	\$ —	\$ 68,535
AHL Awards	24,180	54.4	13,158	11,022
Other equity-based compensation awards	4,961	54.4	2,699	2,262
Total Equity-Based Compensation	<u>\$ 97,676</u>		15,857	81,819
Less other equity-based compensation awards <sup>(2)</sup>			(15,857)	(13,860)
Capital Increase Related to Equity-Based Compensation			<u>\$ —</u>	<u>\$ 67,959</u>

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

(2) Includes equity-based compensation reimbursable by certain funds.

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2014: Below is a reconciliation of the equity-based compensation allocated to Apollo Global Management, LLC for the year ended December 31,

	Total Amount	Non- Controlling Interest % in Apollo Operating Group	Allocated to Non- Controlling Interest in Apollo Operating Group <sup>(1)</sup>	Allocated to Apollo Global Management, LLC
RSUs and Share Options	\$ 107,017	—%	\$ —	\$ 107,017
AHL Awards	16,738	57.7	9,938	6,800
Other equity-based compensation awards	2,565	57.7	1,517	1,048
Total Equity-Based Compensation	<u>\$ 126,320</u>		11,455	114,865
Less other equity-based compensation awards <sup>(2)</sup>			(11,455)	(5,994)
Capital Increase Related to Equity-Based Compensation			<u>\$ —</u>	<u>\$ 108,871</u>

- (1) Calculated based on average ownership percentage for the period considering Class A share issuances during the period.  
(2) Includes equity-based compensation reimbursable by certain funds.

2013: Below is a reconciliation of the equity-based compensation allocated to Apollo Global Management, LLC for the year ended December 31,

	Total Amount	Non- Controlling Interest % in Apollo Operating Group	Allocated to Non- Controlling Interest in Apollo Operating Group <sup>(1)</sup>	Allocated to Apollo Global Management, LLC
AOG Units	\$ 30,007	61.0%	\$ 19,163	\$ 10,844
RSUs and Share Options	92,185	—	—	92,185
Other equity-based compensation awards	4,035	61.0	2,494	1,541
Total Equity-Based Compensation	<u>\$ 126,227</u>		21,657	104,570
Less other equity-based compensation awards <sup>(2)</sup>			(2,494)	365
Capital Increase Related to Equity-Based Compensation			<u>\$ 19,163</u>	<u>\$ 104,935</u>

- (1) Calculated based on average ownership percentage for the period considering Class A share issuances during the period.  
(2) Includes equity-based compensation reimbursable by certain funds.

**15. RELATED PARTY TRANSACTIONS AND INTERESTS IN CONSOLIDATED ENTITIES**

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

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

	As of December 31,	
	2015	2014
<b>Due from Affiliates:</b>		
Due from private equity funds	\$ 21,532	\$ 30,091
Due from portfolio companies	36,424	41,844
Due from credit funds <sup>(1)</sup>	124,660	174,197
Due from Contributing Partners, employees and former employees	42,491	1,721
Due from real estate funds	22,728	20,162
Total Due from Affiliates	\$ 247,835	\$ 268,015
<b>Due to Affiliates:</b>		
Due to Managing Partners and Contributing Partners in connection with the tax receivable agreement	\$ 506,162	\$ 509,149
Due to private equity funds	16,293	1,158
Due to credit funds	57,981	5,343
Due to real estate funds	580	—
Distributions payable to employees	13,520	49,503
Total Due to Affiliates	\$ 594,536	\$ 565,153

(1) As of December 31, 2014, includes unsettled monitoring fee receivable and management fee receivable from AAA and Athene as discussed in “Athene” below.

**Tax Receivable Agreement and Other**

Subject to certain restrictions, each of the Managing Partners and Contributing Partners has the right to exchange their vested AOG Units for the Company’s Class A shares. Certain Apollo Operating Group entities have made an election under Section 754 of the U.S. Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), which will result in an adjustment to the tax basis of the assets owned by the Apollo Operating Group at the time of the exchange. These exchanges will result in increases in tax deductions that will reduce the amount of tax that APO Corp. will otherwise be required to pay in the future.

The tax receivable agreement provides for the payment to the Managing Partners and Contributing Partners of 85% of the amount of cash savings, if any, in U.S. federal, state, local and foreign income taxes that APO Corp. would realize as a result of the increases in tax basis of assets that resulted from the 2007 Reorganization and exchanges of AOG Units for Class A shares. If the Company does not make the required annual payment on a timely basis as outlined in the tax receivable agreement, interest is accrued on the balance until the payment date. These payments are expected to occur approximately over the next 15 years.

As a result of exchanges of AOG Units for Class A shares during the years ended December 31, 2015, 2014 and 2013, a \$45.4 million, \$47.9 million and \$126.9 million liability was recorded, respectively (see note 11), to estimate the amount of these future expected payments to be made by APO Corp. to the Managing Partners and Contributing Partners pursuant to the tax receivable agreement.

In April 2015, 2014 and 2013, Apollo made cash payments pursuant to the tax receivable agreement resulting from the realized tax benefit for each respective tax year. Included in the payments was interest paid to the Managing Partners and Contributing Partners. The table below presents the cash payments made during April, 2015, 2014 and 2013.

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<b>Date</b>	<b>Cash Payment</b>	<b>Interest Paid to Managing Partners</b>	<b>Interest Paid to Contributing Partners</b>
April, 2015	\$ 48,420	\$ 13,090	\$ 555
April, 2014	32,032	8,272	469
April, 2013	30,403	7,645	333

During the years ended December 31, 2014 and 2013, the Company reduced the tax receivable agreement liability and recorded \$32.2 million and \$13.0 million, respectively, in other income, net in the consolidated statement of operations due to changes in estimated tax rates.

**Due from Contributing Partners, Employees and Former Employees**

As of December 31, 2015 and 2014, due from Contributing Partners, Employees and Former Employee balances include various amounts due to the Company including director fee receivables. In addition, as of December 31, 2015, the balance included interest-bearing employee loans receivable of \$25.0 million. The outstanding principal amount of the loans as well as all accrued and unpaid interest is required to be repaid at the earlier of the eighth anniversary of the date of the relevant loan or at the date of the relevant employee's resignation from the Company.

The Company has recorded a receivable from the Contributing Partners and certain employees and former employees for the potential return of profit sharing distributions that would be due if certain funds were liquidated as of December 31, 2015 with respect to ACLF, Fund V, ANRP I and a performance-based incentive plan of \$6.9 million, \$4.9 million, \$1.3 million and \$1.6 million, respectively, as of December 31, 2015.

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**Distributions**

In addition to other distributions such as payments pursuant to the tax receivable agreement, the table below presents information regarding the quarterly distributions which were made at the sole discretion of the manager of the Company during 2015, 2014 and 2013 (in millions, except per share data):

<b>Distribution Declaration Date</b>	<b>Distribution per Class A Share</b>	<b>Distribution Payment Date</b>	<b>Distribution to Class A Shareholders</b>	<b>Distribution to Non-Controlling Interest Holders in the Apollo Operating Group</b>	<b>Total Distributions from Apollo Operating Group</b>	<b>Distribution Equivalents on Participating Securities</b>
February 8, 2013	\$ 1.05	February 28, 2013	\$ 138.7	\$ 252.0	\$ 390.7	\$ 25.0
April 12, 2013	—	April 12, 2013	—	55.2 (1)	55.2	—
May 6, 2013	0.57	May 30, 2013	80.8	131.8	212.6	14.3
August 8, 2013	1.32	August 30, 2013	189.7	305.2	494.9	30.8
November 7, 2013	1.01	November 29, 2013	147.7	231.2	378.9	24.1
For the year ended December 31, 2013	\$ 3.95		\$ 556.9	\$ 975.4	\$ 1,532.3	\$ 94.2
February 7, 2014	\$ 1.08	February 26, 2014	\$ 160.9	\$ 247.3	\$ 408.2	\$ 25.5
April 3, 2014	—	April 3, 2014	—	49.5 (1)	49.5	—
May 8, 2014	0.84	May 30, 2014	130.0	188.4	318.4	20.9
June 16, 2014	—	June 16, 2014	—	28.5 (1)	28.5	—
August 6, 2014	0.46	August 29, 2014	73.6	102.5	176.1	10.2
September 11, 2014	—	September 11, 2014	—	12.4 (1)	12.4	—
October 30, 2014	0.73	November 21, 2014	119.0	162.6	281.6	15.5
December 15, 2014	—	December 15, 2014	—	25.2 (1)	25.2	—
For the year ended December 31, 2014	\$ 3.11		\$ 483.5	\$ 816.4	\$ 1,299.9	\$ 72.1
February 5, 2015	\$ 0.86	February 27, 2015	\$ 144.4	\$ 191.3	\$ 335.7	\$ 15.3
April 11, 2015	—	April 11, 2015	—	22.4 (1)	22.4	—
May 7, 2015	0.33	May 29, 2015	56.8	72.8	129.6	4.9
July 29, 2015	0.42	August 31, 2015	74.8	91.2	166.0	5.1
October 28, 2015	0.35	November 30, 2015	\$ 63.4	\$ 75.7	\$ 139.1	\$ 3.1
For the year ended December 31, 2015	\$ 1.96		\$ 339.4	\$ 453.4	\$ 792.8	\$ 28.4

(1) On April 12, 2013, April 3, 2014, June 16, 2014, September 11, 2014, December 15, 2014, and April 11, 2015, the Company made a \$0.23, \$0.22, \$0.13, \$0.06, \$0.11, and \$0.10 distribution per AOG Unit, respectively, to the Non-Controlling Interest holders in the Apollo Operating Group.

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**Indemnity**

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

Accordingly, in the event that the Company's Managing Partners, Contributing Partners and certain investment professionals are required to pay amounts in connection with a general partner obligation for the return of previously made distributions, the Company will be obligated to reimburse the Company's Managing Partners and certain Contributing Partners for the indemnifiable percentage of amounts that they are required to pay even though the Company did not receive the certain distribution to which that general partner obligation related. The Company recorded an indemnification liability of \$4.6 million as of December 31, 2015. There was no indemnification liability recorded as of December 31, 2014.

**Due to Private Equity Funds**

Based upon a hypothetical liquidation of Fund V, APC and ANRP I as of December 31, 2015, the Company has recorded a general partner obligation to return previously distributed carried interest income, which represents amounts due to these funds. As such, there was a general partner obligation to return previously distributed carried interest income with respect to Fund V, APC and ANRP I of \$10.8 million, \$2.1 million and \$3.4 million accrued as of December 31, 2015, respectively. As of December 31, 2014, there was no general partner obligation to return previously distributed carried interest income. The actual determination and any required payment of a general partner obligation would not take place until the final disposition of the fund's investments based on contractual termination of the fund or as otherwise set forth in the respective limited partnership agreement of the fund.

**Due to Credit Funds**

Based upon a hypothetical liquidation of certain of our credit funds, as of December 31, 2015, 2014 and 2013, the Company has recorded a general partner obligation to return previously distributed carried interest income, which represents amounts due to these funds. As such, there was a general partner obligation to return previously distributed carried interest income with respect to ACLF, COF II and certain SIAs within the credit segment of \$25.6 million, \$0.4 million and \$29.7 million accrued as of December 31, 2015, respectively. As of December 31, 2014, there was a general partner obligation to return previously distributed carried interest income with respect to ACLF and an SIA of \$2.5 million and \$0.9 million, respectively. As of December 31, 2013, there was a general partner obligation to return previously distributed carried interest income with respect to an SIA and APC of \$19.3 million and \$0.3 million, respectively. The actual determination and any required payment of a general partner obligation would not take place until the final disposition of the fund's investments based on contractual termination of the fund or as otherwise set forth in the respective limited partnership agreement or other governing document of the fund.

**Athene**

Athene Holding is the ultimate parent of various insurance company operating subsidiaries. Through its subsidiaries, Athene Holding provides insurance products focused primarily on the retirement market and its business centers primarily on issuing or reinsuring fixed indexed annuities.

Athene Asset Management receives a management fee equal to 0.40% per annum on all assets under management in accounts owned by or related to Athene (the "Athene Accounts"), with certain limited exceptions. In addition, the Company receives sub-advisory management fees and carried interest income with respect to a portion of the assets in the Athene Accounts. With respect to capital invested in an Apollo fund, Apollo receives management fees directly from the relevant funds under the investment management agreements with such funds. Athene Asset Management and other Apollo subsidiaries incur all expenses associated with their provision of services to Athene, including but not limited to, asset allocation services, direct asset management services, risk management, asset and liability matching management, mergers and acquisitions asset diligence, hedging and other services.



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Under a transaction advisory services agreement with Athene (the “Athene Services Agreement”), effective February 5, 2013 through December 31, 2014, Apollo earned a quarterly monitoring fee of 0.50% of Athene’s capital and surplus as of the end of the applicable quarter multiplied by 2.5, excluding the shares of Athene Holding that were newly acquired (and not in satisfaction of prior commitments to buy such shares) by AAA Investments in the contribution of certain assets by AAA to Athene in October 2012 (the “Excluded Athene Shares”). The Athene Services Agreement was amended in connection with the Athene Private Placement described below (the “Amended Athene Services Agreement”). The Amended Athene Services Agreement adjusted the calculation of Athene Holding’s capital and surplus downward by an amount equal to (x) the equity capital raised in the Athene Private Placement and (y) certain disproportionate increases to the statutory capital and surplus of Athene, as compared to the stockholders’ equity of Athene calculated on a U.S. GAAP basis, as a result of certain future acquisitions by Athene. Prior to the consummation of the Athene Private Placement, all such monitoring fees were paid pursuant to the Athene Services Derivative. In connection with the Athene Private Placement, the Athene Services Derivative was settled on April 29, 2014 by delivery to Apollo of common shares of Athene Holding, and as a result, such derivative was terminated. Following settlement of the Athene Services Derivative, future monitoring fees paid to Apollo pursuant to the Amended Athene Services Agreement, were paid on a quarterly basis in arrears by delivery to Apollo of common shares of Athene Holding. Unsettled monitoring fees pursuant to the Amended Athene Services Agreement are recorded as due from affiliates in the consolidated statements of financial condition. For the years ended December 31, 2014 and 2013, Apollo earned \$226.4 million and \$107.9 million, respectively related to this monitoring fee. The monitoring fee is recorded in advisory and transaction fees from affiliates, net, in the consolidated statements of operations. As of December 31, 2014, Apollo had a \$58.2 million receivable recorded in due from affiliates on the consolidated statements of financial condition.

In accordance with the services agreement among AAA, AAA Investments and the other service recipients party thereto and Apollo (the “AAA Services Agreement”), Apollo receives a management fee for managing the assets of AAA Investments. In connection with each of the contribution of certain assets by AAA to Athene in October 2012, and the initial closing of the Athene Private Placement on April 4, 2014, the AAA Services Agreement was amended (the “Amended AAA Services Agreement”). Pursuant to the Amended AAA Services Agreement, the parties agreed that there will be no management fees payable by AAA Investments with respect to the Excluded Athene Shares. AAA Investments agreed to continue to pay Apollo the same management fee on its investment in Athene Holding (other than with respect to the Excluded Athene Shares), except that Apollo agreed that the obligation to pay the existing management fee terminated on December 31, 2014 (although services will continue through December 31, 2020). Prior to the consummation of the Athene Private Placement, all such management fees were accrued pursuant to the AAA Services Derivative. In connection with the Athene Private Placement, the AAA Services Derivative was settled on April 29, 2014 by delivery to Apollo of common shares of Athene Holding, and as a result, such derivative was terminated. Following settlement of the AAA Services Derivative, future management fees paid to Apollo pursuant to the Amended AAA Services Agreement were paid on a quarterly basis in arrears by delivery to Apollo of common shares of Athene Holding. Unsettled management fees pursuant to the Amended AAA Services Agreement are recorded as due from affiliates in the consolidated statements of financial condition. There were no management fees receivable as of December 31, 2015 as AAA Investments’ obligation to pay the existing management fee terminated on December 31, 2014. As of December 31, 2014, Apollo had a \$3.1 million receivable recorded in due from affiliates related to this management fee on the consolidated statements of financial condition. The total management fees earned by Apollo related to the Amended AAA Services Agreement were \$3.4 million, \$1.9 million and \$2.2 million for the years ended December 31, 2015, 2014 and 2013, respectively. These management fees are recorded in management fees from affiliates in the consolidated statements of operations.

Prior to the settlement of the Athene Services Derivative and the AAA Services Derivative, the Amended Athene Services Agreement and the Amended AAA Services Agreement together with the Athene Services Derivative and the AAA Services Derivative, met the definition of derivatives under U.S. GAAP. The Company had classified these derivatives as Level III assets in the fair value hierarchy, as the pricing inputs into the determination of fair value require significant judgment and estimation. After the settlement of the Athene Services Derivative and the AAA Services Derivatives the unsettled shares receivable recorded in due from affiliates related to the Amended Athene Services Agreement and the Amended AAA Services Agreement are valued at fair value based on the price of a common share of Athene Holding. The Company had classified the derivative and the shares receivable as Level III assets in the fair value hierarchy, as the pricing inputs into the determination of fair value require significant judgment and estimation. See note 6 for further discussion regarding fair value measurements.

Prior to the settlement of the Athene Services Derivative and the AAA Services Derivative, the change in unrealized market value of the derivatives was reflected in other income, net in the consolidated statements of operations. For the year ended December 31, 2013, there was a \$10.2 million change in market value recognized related to these derivatives.

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In addition, Apollo, as general partner of AAA Investments, is generally entitled to a carried interest that allocates to it 20% of the realized returns (net of related expenses, including borrowing costs) on the investments of AAA Investments, except that Apollo will not be entitled to receive any carried interest in respect of the Excluded Athene Shares. Carried interest receivable from AAA Investments will be paid in common shares of Athene Holding (valued at the then fair market value) if there is a distribution in kind of shares of Athene Holding (unless such payment in shares would violate Section 16(b) of the Exchange Act) or paid in cash if AAA sells the shares of Athene Holding. For the years ended December 31, 2015, 2014, and 2013, the Company recorded carried interest income less the related profit sharing expense of \$36.1 million, \$14.6 million and \$27.6 million from AAA Investments, respectively, which is recorded in the consolidated statements of operations. As of December 31, 2015 and 2014, the Company had a \$185.5 million and a \$121.5 million carried interest receivable, respectively, related to AAA Investments. As of December 31, 2015 and 2014, the Company had a related profit sharing payable of \$62.8 million and \$34.9 million, respectively, recorded in profit sharing payable in the consolidated statements of financial condition.

For the years ended December 31, 2015, 2014 and 2013, Apollo earned gross revenues in the aggregate totaling \$526.5 million, \$546.5 million and \$435.1 million, respectively, consisting of management fees, sub-advisory and monitoring fees and carried interest income from Athene after considering the related profit sharing expense and changes in the market value of the Athene Holding shares owned directly by Apollo, which is recorded in the consolidated statements of operations. These amounts exclude the deferred revenue recognized as management fees associated with the vesting of AHL Awards granted to employees of Athene Asset Management as further described in note 14.

On April 4, 2014, Athene Holding completed an initial closing of a private placement offering of common equity in which it raised \$1.048 billion of primary commitments from third-party institutional and certain existing investors in Athene Holding (the "Athene Private Placement"). Shares in the Athene Private Placement were offered at a price per common share of Athene Holding of \$26.00. In connection with the Athene Private Placement, Athene raised an additional \$80 million of third party capital at \$26.00 per share, all of which was used to buy back a portion of the shares of one of its existing investors at a price of \$26.00 per share in a transaction that was consummated on April 29, 2014. As announced by AAA on June 24, 2014, a second closing of the Athene Private Placement occurred in which Athene Holding raised \$170.0 million of commitments primarily from employees of Athene and its affiliates at a price per common share of Athene Holding of \$26.00. The Athene Private Placement offering was concluded in the first quarter of 2015 with a final closing of \$60.0 million of additional capital commitments from affiliates of Athene. The Investment Partnership did not purchase any additional common shares of Athene Holding as part of the Athene Private Placement.

The Company had an approximate 9.2% economic ownership interest in Athene Holding as of December 31, 2015, which comprises Apollo's direct ownership of 8.0% of the economic equity of Athene Holding plus an additional 1.2% economic ownership interest, which is calculated as the sum of the Company's approximate 2.4% economic ownership interest in AAA and the Company's approximate 0.06% economic ownership interest in AAA Investments, multiplied by AAA Investments' approximate 46.3% economic ownership interest in Athene, calculated without giving effect to restricted common shares issued under Athene's management equity plan as of December 31, 2015. As disclosed in note 2, as a result of the adoption of new accounting guidance, AAA was deconsolidated as of January 1, 2015.

As of December 31, 2014, the Company, through its consolidation of AAA, had an approximate 47.7% economic ownership interest in Athene through its investment in AAA Investments, (calculated as if the commitments on the Athene Private Placement closed through December 31, 2014 were fully drawn down but without giving effect to (i) restricted common shares issued under Athene's management equity plan, (ii) common shares to be issued under the Amended Athene Services Agreement subsequent to December 31, 2014 or (iii) the common shares to be issued under the Amended AAA Services Agreement subsequent to December 31, 2014). The Company effectively held 45% of the voting power of Athene as of December 31, 2014.

The Company had an approximate 8.1% economic ownership interest in Athene Holding as of December 31, 2014, which comprises Apollo's direct ownership of 6.9% of the economic equity of Athene Holding plus an additional 1.2% economic ownership interest, which is calculated as the sum of the Company's approximate 2.5% economic ownership interest in AAA and the Company's approximate 0.06% economic ownership interest in AAA Investments, multiplied by AAA Investments' approximate 47.7% economic ownership interest in Athene as of December 31, 2014. During 2014, the remaining ownership interest in AAA was recognized in the Company's consolidated statements of operations as Non-Controlling Interest in consolidated entities.

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**MidCap**

During the year ended December 31, 2015, Apollo, through its subsidiary Apollo MidCap Holdings (Cayman), L.P., entered into a subscription agreement providing for an aggregate commitment of \$50.0 million to subscribe for (i) Class A Variable Funding Subordinated Notes due 2114 (“Class A Notes”) of MidCap FinCo Limited (“MidCap”), a private limited company domiciled in Ireland focused on direct lending opportunities in the senior secured credit market across a diverse range of industries and asset classes that includes the former operations and assets of MidCap Financial Holdings, LLC, a leading specialty finance firm focused on senior secured direct origination in the healthcare sector, and (ii) ordinary shares of nominal value in MidCap’s holding company, MidCap FinCo Holdings Limited (“Ordinary Shares”). The subscription agreement has a commitment period of three years (subject to extension under certain circumstances). The commitment was fully funded as of December 31, 2015. Pursuant to an investment management agreement, Apollo, through its subsidiary Apollo Capital Management, L.P., is acting as the investment manager of MidCap’s credit business. Certain third parties have also entered into subscription agreements for direct or indirect ownership of Class A Notes and Ordinary Shares.

Additionally, during the year ended December 31, 2015, AAA Investments (Co-Invest VII), L.P. (“Co-Invest VII”) contributed all of its ownership interest in MidCap Financial Holdings, LLC to MidCap in exchange for Class A Notes pursuant to a transfer agreement dated January 21, 2015. As a result of this contribution, Apollo, through its subsidiary AAA Associates (Co-Invest VII), L.P., the general partner of Co-Invest VII, realized \$29.9 million of carried interest from Co-Invest VII, which Co-Invest VII settled with a payment of Class A Notes to AAA Associates (Co-Invest VII), L.P.

Apollo has recorded a \$79.3 million equity method investment in MidCap as of December 31, 2015, which is reflected in Investments in the consolidated statement of financial condition.

**Regulated Entities**

Apollo Global Securities, LLC (“AGS”) is a registered broker dealer with the SEC and is a member of the Financial Industry Regulatory Authority, subject to the minimum net capital requirements of the SEC. AGS was in compliance with these requirements at December 31, 2015. From time to time, this entity is involved in transactions with affiliates of Apollo, including portfolio companies of the funds Apollo manages, whereby AGS earns underwriting and transaction fees for its services.

Apollo Management International LLP, is authorized and regulated by the U.K. Financial Conduct Authority and as such is subject to the capital requirements of the U.K. Financial Conduct Authority. This entity has continuously operated in excess of these regulatory capital requirements.

Certain other of the Company’s U.S. and non-U.S. subsidiaries are subject to various regulations, including a number of U.S. entities that are registered as investment advisors with the SEC. To the extent applicable, these entities have continuously operated in excess of any minimum regulatory capital requirements.

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**Interests in Consolidated Entities**

The table below presents equity interests in Apollo's consolidated, but not wholly-owned, subsidiaries and funds. Net income and comprehensive income attributable to Non-Controlling Interests consisted of the following:

	<b>For the Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
AAA <sup>(1)</sup>	\$ —	\$ (196,964)	\$ (331,504)
Interest in management companies and a co-investment vehicle <sup>(2)</sup>	(10,543)	(13,186)	(18,872)
Other consolidated entities	(10,821)	(17,590)	43,357
Net (income) loss attributable to Non-Controlling Interests in consolidated entities	(21,364)	(227,740)	(307,019)
Net (income) loss attributable to Appropriated Partners' Capital <sup>(3)</sup>	—	70,729	(149,934)
Net (income) loss attributable to Non-Controlling Interests in the Apollo Operating Group	(194,634)	(404,682)	(1,257,650)
<b>Net Income attributable to Non-Controlling Interests</b>	<b>\$ (215,998)</b>	<b>\$ (561,693)</b>	<b>\$ (1,714,603)</b>
Net income (loss) attributable to Appropriated Partners' Capital <sup>(4)</sup>	—	(70,729)	149,934
Other comprehensive (income) loss attributable to Non-Controlling Interests	7,020	591	(41)
<b>Comprehensive Income Attributable to Non-Controlling Interests</b>	<b>\$ (208,978)</b>	<b>\$ (631,831)</b>	<b>\$ (1,564,710)</b>

- (1) Reflects the Non-Controlling Interests in the net (income) loss of AAA and is calculated based on the Non-Controlling Interests ownership percentage in AAA as of December 31, 2014 and 2013, which was approximately 97.5% and 97.4%, respectively. As of December 31, 2014 and 2013, Apollo owned approximately 2.5% and 2.6% of AAA, respectively. AAA was deconsolidated effective January 1, 2015 as a result of the Company's adoption of new accounting guidance, as described in note 2.
- (2) Reflects the remaining interest held by certain individuals who receive an allocation of income from certain of our credit funds.
- (3) Reflects net income of the consolidated CLOs classified as VIEs.
- (4) Appropriated Partners' Capital is included in total Apollo Global Management, LLC shareholders' equity and is therefore not a component of comprehensive income attributable to Non-Controlling Interests on the consolidated statements of comprehensive income.

**16. COMMITMENTS AND CONTINGENCIES**

**Investment Commitments**—As a limited partner, general partner and manager of the Apollo funds, Apollo has unfunded capital commitments as of December 31, 2015 and 2014 of \$566.3 million and \$646.6 million, respectively.

Apollo has an ongoing obligation to acquire additional common units of AAA in an amount equal to 25% of the aggregate after-tax cash distributions, if any, that are made by AAA to Apollo's affiliates pursuant to the carried interest distribution rights that are applicable to investments made through AAA Investments. In addition, on April 30, 2015, Apollo entered into a revolving credit agreement with AAA Investments ("AAA Investments Credit Agreement"). Under the terms of the AAA Investments Credit Agreement, the Company shall make available to AAA Investments one or more advances at the discretion of AAA Investments in the aggregate amount not to exceed a balance of \$10.0 million at an applicable rate of LIBOR plus 1.5%. The Company receives an annual commitment fee of 0.125% on the unused portion of the loan. As of December 31, 2015 no advance on the AAA Investments Credit Agreement has been made by the Company.

**Debt Covenants**—Apollo's debt obligations contain various customary loan covenants. As of December 31, 2015, the Company was not aware of any instances of non-compliance with the financial covenants contained in the documents governing the Company's debt obligations.

**Litigation and Contingencies**—Apollo is, from time to time, party to various legal actions arising in the ordinary course of business including claims and lawsuits, reviews, investigations or proceedings by governmental and self regulatory agencies regarding its business.

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

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("Affinion"), and Apollo Global Management, LLC ("AGM"), which is affiliated with funds that are the beneficial owners of 68% of Affinion's common stock. In both cases, plaintiffs allege that Trilegiant, aided by its business partners, who include e-merchants and credit card companies, developed a set of business practices intended to create consumer confusion and ultimately defraud consumers into unknowingly paying fees to clubs for unwanted services. Plaintiffs allege that AGM is a proper defendant because of its indirect stock ownership and ability to appoint the majority of Affinion's board. The complaints assert claims under the Racketeer Influenced Corrupt Organizations Act; the Electronic Communications Privacy Act; the Connecticut Unfair Trade Practices Act; and the California Business and Professional Code, and seek, among other things, restitution or disgorgement, injunctive relief, compensatory, treble and punitive damages, and attorneys' fees. The allegations in Kelm and Miller are substantially similar to those in Schnabel v. Trilegiant Corp. (No. 3:10-cv-957), a putative class action filed in the District of Connecticut in 2010 that names only Trilegiant and Affinion as defendants. The court has consolidated the Kelm, Miller, and Schnabel cases under the caption In re: Trilegiant Corporation, Inc. and ordered that they proceed on the same schedule. On June 18, 2012, the court appointed lead plaintiffs' counsel, and on September 7, 2012, plaintiffs filed their consolidated amended complaint ("CAC"), which alleges the same causes of action against AGM as did the complaints in the Kelm and Miller cases. Defendants filed motions to dismiss on December 7, 2012, plaintiffs filed opposition papers on February 7, 2013, and defendants filed replies on April 5, 2013. On December 5, 2012, plaintiffs filed another putative class action, captioned Frank v. Trilegiant Corp. (No. 12-cv-1721), in the District of Connecticut, naming the same defendants and containing allegations substantially similar to those in the CAC. On January 23, 2013, plaintiffs moved to transfer and consolidate Frank into In re: Trilegiant. On July 24, 2013 the Frank court transferred the case to Judge Bryant, who is presiding over In re: Trilegiant, and on March 28, 2014, Judge Bryant granted the motion to consolidate. On September 25, 2013, the court held oral argument on defendants' motions to dismiss. On March 28, 2014, the court granted in part and denied in part motions to dismiss filed by Affinion and Trilegiant on behalf of all defendants, and also granted separate motions to dismiss filed by certain defendants, including AGM. On that same day, the court directed the clerk to terminate AGM as a defendant in the consolidated action. The case is proceeding against several defendants, and so plaintiffs' time to file their notice of appeal as to the dismissed defendants has not begun running.

Various state attorneys general and federal and state agencies have initiated industry-wide investigations into the use of placement agents in connection with the solicitation of investments, particularly with respect to investments by public pension funds. Certain affiliates of Apollo have received subpoenas and other requests for information from various government regulatory agencies and investors in Apollo's funds, seeking information regarding the use of placement agents. California Public Employees' Retirement System ("CalPERS"), one of Apollo's Strategic Investors, announced on October 14, 2009, that it had initiated a special review of placement agents and related issues. The report of the CalPERS' Special Review was issued on March 14, 2011. That report does not allege any wrongdoing on the part of Apollo or its affiliates. Apollo is continuing to cooperate with all such investigations and other reviews. In addition, on May 6, 2010, the California Attorney General filed a civil complaint against Alfred Villalobos and his company, Arvco Capital Research, LLC ("Arvco") (a placement agent that Apollo has used) and Federico Buenrostro Jr., the former CEO of CalPERS, alleging conduct in violation of certain California laws in connection with CalPERS's purchase of securities in various funds managed by Apollo and another asset manager. Apollo is not a party to the civil lawsuit and the lawsuit does not allege any misconduct on the part of Apollo. Likewise, on April 23, 2012, the SEC filed a lawsuit alleging securities fraud on the part of Arvco, as well as Messrs. Buenrostro and Villalobos, in connection with their activities concerning certain CalPERS investments in funds managed by Apollo. This lawsuit also does not allege wrongdoing on the part of Apollo, and alleges that Apollo was defrauded by Arvco, Villalobos, and Buenrostro. On March 14, 2013, the United States Department of Justice unsealed an indictment against Messrs. Villalobos and Buenrostro alleging, among other crimes, fraud in connection with those same activities; again, Apollo is not accused of any wrongdoing and in fact is alleged to have been defrauded by the defendants. The criminal action was set for trial in a San Francisco federal court in July 2014, but was put on hold after Mr. Buenrostro pleaded guilty on July 11, 2014. As part of Mr. Buenrostro's plea agreement, he admitted to taking cash and other bribes from Mr. Villalobos in exchange for several improprieties, including attempting to influence CalPERS' investing decisions and improperly preparing disclosure letters to satisfy Apollo's requirements. There is no suggestion that Apollo was aware that Mr. Buenrostro had signed the letters with a corrupt motive. The government has indicated that they will file new charges against Mr. Villalobos incorporating Mr. Buenrostro's admissions. On August 7, 2014, the government filed a superseding indictment against Mr. Villalobos asserting additional charges. Trial had been scheduled for February 23, 2015, but Mr. Villalobos passed away on January 13, 2015. Additionally, on April 15, 2013, Mr. Villalobos, Arvco and related entities (the "Arvco Debtors") brought a civil action in the United States Bankruptcy Court for the District of Nevada (the "Bankruptcy Court") against Apollo. The action is related to the ongoing bankruptcy proceedings of the Arvco Debtors. This action alleges that Arvco served as a placement agent for Apollo in connection with several funds associated with Apollo, and seeks to recover purported fees the Arvco Debtors claim Apollo has not paid them for a portion of Arvco's placement agent services. In addition, the Arvco Debtors allege that Apollo has interfered with the Arvco Debtors' commercial relationships with third parties, purportedly causing the Arvco Debtors to lose business and to incur fees and expenses in the defense of various investigations and litigations. The Arvco Debtors also seek

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compensation from Apollo for these alleged lost profits and fees and expenses. The Arvco Debtors' complaint asserts various theories of recovery under the Bankruptcy Code and common law. Apollo denies the merit of all of the Arvco Debtors' claims and will vigorously contest them. The Bankruptcy Court had stayed this action pending the result in the criminal case against Mr. Villalobos but lifted the stay on May 1, 2015; in light of Mr. Villalobos's death, the criminal case was dismissed. For these reasons, no estimate of possible loss, if any, can be made at this time.

On June 18, 2014, BOKF N.A. (the "First Lien Trustee"), the successor indenture trustee under the indenture governing the First Lien Notes issued by Momentive Performance Materials, Inc. ("Momentive"), commenced a lawsuit in the Supreme Court for the State of New York, New York County against AGM and members of an ad hoc group of Second Lien Noteholders (including, but not limited to, Euro VI (BC) S.a.r.l.). The First Lien Trustee amended its complaint on July 2, 2014 (the "First Lien Intercreditor Action"). In the First Lien Intercreditor Action, the First Lien Trustee seeks, among other things, a declaration that the defendants violated an intercreditor agreement entered into between holders of the First Lien Notes and holders of the second lien notes. On July 16, 2014, the successor indenture trustee under the indenture governing the 1.5 Lien Notes (the "1.5 Lien Trustee," and, together with the First Lien Trustee, the "Indenture Trustees") filed an action in the Supreme Court of the State of New York, New York County that is substantially similar to the First Lien Intercreditor Action (the "1.5 Lien Intercreditor Action," and, together with the First Lien Intercreditor Action, the "Intercreditor Actions"). AGM subsequently removed the Intercreditor Actions to federal district court, and the Intercreditor Actions were automatically referred to the Bankruptcy Court adjudicating the Momentive chapter 11 bankruptcy cases. The Indenture Trustees then filed motions with the Bankruptcy Court to remand the Intercreditor Actions back to the state court (the "Remand Motions"). On September 9, 2014, the Bankruptcy Court denied the Remand Motions. On August 15, 2014, the defendants in the Intercreditor Actions (including AGM) filed a motion to dismiss the 1.5 Lien Intercreditor Action and a motion for judgment on the pleadings in the First Lien Intercreditor Action (the "Dismissal Motions"). On September 30, 2014, the Bankruptcy Court granted the Dismissal Motions. In its order granting the Dismissal Motions, the Bankruptcy Court gave the Indenture Trustees until mid-November 2014 to move to amend some, but not all, of the claims alleged in their respective complaints. On November 14, 2014, the Indenture Trustees moved to amend their respective complaints pursuant to the Bankruptcy Court's order (the "Motions to Amend"). On January 9, 2015, the defendants filed their oppositions to the Motions to Amend. On January 16, 2015, the Bankruptcy Court denied the Motions to Amend (the "Dismissal Order"), but gave the Indenture Trustees until March 2, 2015 to seek to amend their respective complaints. On March 2, 2015, the First Lien Trustee filed a motion seeking to amend its complaint. On April 10, 2015, the defendants, including AGM and Euro VI (BC) S.a.r.l., filed an opposition to the First Lien Trustee's motion to amend. Instead of moving again to amend its complaint, the 1.5 Lien Trustee chose to appeal the Dismissal Order (the "1.5 Lien Appeal"). On March 30, 2015, the 1.5 Lien Trustee filed its Statement of Issues and Designation of Record on Appeal. On March 31, 2015, because the legal issues presented in the 1.5 Lien Appeal are substantially similar to those presented in the First Lien Intercreditor Action, the parties in the 1.5 Lien Appeal submitted a joint stipulation and proposed order to the District Court staying the briefing schedule on the 1.5 Lien Appeal pending the outcome of the First Lien Trustee's most recent motion to amend. On April 13, 2015, the Defendants filed their Counter-Designation of the Record on Appeal in the 1.5 Lien Appeal. On May 8, 2015, the Bankruptcy Court denied the motion to amend filed on March 2, 2015 by the First Lien Trustee. On May 27, 2015, the First Lien Trustee filed a notice of appeal from the orders of the Bankruptcy Court dismissing the First Lien Intercreditor Action and denying the First Lien Trustee's motions to amend (the "First Lien Appeal"). On June 2, 2015, the First Lien Trustee filed its Statement of Issues and Designation of Record on Appeal. On June 24, 2015, the defendants filed their Counter-Designation of the Record on Appeal in the First Lien Appeal. On July 31, 2015, the 1.5 Lien Trustee sent a letter to the federal district court hearing the 1.5 Lien Appeal asking the court to consolidate the 1.5 Lien Appeal with the First Lien Appeal which had been assigned to a different judge (the "Consolidation Request"). On August 4, 2015, the First Lien Trustee asked the federal district court hearing the First Lien Appeal to stay all further proceedings in the First Lien Appeal until the court hearing the 1.5 Lien Appeal decided whether to consolidate the First Lien Appeal with the 1.5 Lien Appeal. On August 5, 2015, the court granted the First Lien Trustee's request to stay the First Lien Appeal pending the other court's decision on whether to consolidate the First Lien Appeal with the 1.5 Lien Appeal. As a result of the Consolidation Request, the 1.5 Lien Trustee has taken the position that the 1.5 Lien Appeal has also been stayed, and therefore no briefs have been filed in either the First Lien Appeal or the 1.5 Lien Appeal. On November 16, 2015, the 1.5 Lien Trustee filed its motion in support of the Consolidation Request. On December 16, 2015, the defendants filed a statement of No Objection to the Consolidation Request. Apollo is unable at this time to assess a potential risk of loss. In addition, Apollo does not believe that AGM is a proper defendant in these actions.

On June 13, 2014, plaintiffs Stark Master Fund Ltd and Stark Global Opportunities Master Fund Ltd filed a lawsuit in the United States District Court for the Eastern District of Wisconsin against AGM and Apollo Management Holdings, (the "Apollo Defendants"), as well as Credit Suisse Securities (USA) LLC and Deutsche Bank Securities (USA) LLC (the "Bank Defendants"). The complaint alleges that the Apollo Defendants and the other defendants entered into an undisclosed and improper



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agreement concerning the financing of a potential acquisition of Hexion Specialty Chemicals Inc., and on this basis alleges a variety of common law misrepresentation claims, both intentional and negligent. The Apollo Defendants and Bank Defendants filed motions to dismiss the complaint on October 15, 2014. Rather than respond to the motions, plaintiffs filed an Amended Complaint on November 5, 2014. The Apollo Defendants and Bank Defendants filed motions to dismiss the Amended Complaint on December 23, 2014. Plaintiffs filed a motion for leave to conduct jurisdictional discovery on February 2, 2015. On April 9, 2015, the Court issued an order granting plaintiffs' motion for leave to conduct limited jurisdictional discovery. Pursuant to the parties' stipulation approved by the Court, Plaintiffs must file their opposition to Defendants' motion to dismiss the Amended Complaint on or before 30 days following the close of jurisdictional discovery. Because the claims against the Apollo Defendants are in their early stages, no reasonable estimate of possible loss, if any, can be made at this time.

There are several pending actions concerning transactions related to Caesars Entertainment Operating Company, Inc.'s ("CEOC") restructuring efforts. Apollo is not a defendant in these matters.

- In re: Caesars Entertainment Operating Company, Inc. bankruptcy proceedings, No. 15-10047 (Del. Bankr.) (the "Delaware Bankruptcy Action") and No. 15-01145 (N.D. Ill. Bankr.) (the "Illinois Bankruptcy Action"). On January 12, 2015, three holders of CEOC second lien notes filed an involuntary bankruptcy petition against CEOC in the United States Bankruptcy Court for the District of Delaware. On January 15, 2015, CEOC and certain of its affiliates (collectively the "Debtors") filed for Chapter 11 bankruptcy in the Northern District of Illinois. On February 2, 2015, the court in the Delaware Bankruptcy Action ordered that all bankruptcy proceedings relating to the Debtors should take place in the Illinois Bankruptcy Action. On March 11, 2015, the Debtors filed an adversary complaint in the Illinois Bankruptcy Action to stay, pending resolution of the bankruptcy, the Trustee, Meehancombs, Danner, and BOKF Actions described below. On June 3-4, 2015, the court held an evidentiary hearing on the Debtors' stay request. On July 22, 2015, the court denied the Debtors' stay request (the "Stay Denial"). On October 8, 2015, the United States District Court for the Northern District of Illinois (No. 15-06504 (N.D. Ill.)) affirmed the Stay Denial, and the Debtors filed an appeal to the United States Court of Appeals for the Seventh Circuit (No. 15-3259 (7th Cir.)). On December 23, 2015, the Seventh Circuit vacated the lower court opinions denying the injunction and remanded the dispute to the Bankruptcy Court for further proceedings. On January 11, 2016, the CEOC noteholders submitted a petition for rehearing before the Seventh Circuit en banc. The Seventh Circuit denied the petition, and on February 26, 2016, the Bankruptcy Court granted the stay request as to the BOKF Action until the sooner of 60 days after the Examiner releases his report or May 9, 2016. The Bankruptcy Court continued consideration of the stay request as to the other proceedings, and scheduled a status hearing for May 4, 2016. Separately, the Bankruptcy Court held an evidentiary hearing to determine whether the Debtors' petition date was January 12, 2015 or January 15, 2015. The Bankruptcy Court has indicated that it will decide that issue on March 16, 2016. Certain of the Debtors' creditors have indicated in filings with the Illinois bankruptcy court that an investigation into certain acts and transactions that predated the Debtors' bankruptcy filing could lead to claims against a number of parties, including Apollo. To date, no such claims have been brought against Apollo.
- Wilmington Savings Fund Society, FSB v. Caesars Entertainment Corp. et al., No. 10004-CVG (Del. Ch.) (the "Trustee Action"). On August 4, 2014, Wilmington Savings Fund Society, FSB ("WSFS"), as trustee for certain CEOC second-lien notes, sued Caesars Entertainment Corporation ("Caesars Entertainment"), CEOC, other Caesars Entertainment-affiliated entities, and certain of Caesars Entertainment's directors, including Marc Rowan, Eric Press, David Sambur (each an Apollo Partner) and Jeff Benjamin (a consultant to Apollo), in Delaware's Court of Chancery. WSFS (i) asserts claims (against some or all of the defendants) for fraudulent conveyance, breach of fiduciary duty, breach of contract, corporate waste and aiding and abetting related to certain transactions among CEOC and other Caesars Entertainment affiliates, and (ii) requests (among other things) that the court unwind the challenged transactions and award damages. WSFS served a subpoena for documents on Apollo on September 11, 2014, but Apollo's response was stayed during the pendency of motions to dismiss under a September 23, 2014 stipulated order. On March 18, 2015, the Court denied Defendants' motion to dismiss. Apollo served responses and objections to the Trustee's subpoena on March 25, 2015. Caesars Entertainment answered the complaint on April 1, 2015.

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During the pendency of CEOC's bankruptcy proceedings, the Trustee Action has been automatically stayed with respect to CEOC. WSFS additionally advised the bankruptcy court that, during CEOC's bankruptcy proceedings, the Trustee would only pursue claims in the Trustee Action relating to whether Caesars Entertainment remains liable on a guarantee of certain of CEOC's second priority notes. On July 17, 2015, WSFS served supplemental subpoenas to several entities affiliated with Apollo. Apollo has substantially completed its production of non-privileged documents responsive to those subpoenas.

- Meehancombs Global Credit Opportunities Master Fund, L.P., et al. v. Caesars Entertainment Corp., et al., No. 14-cv-7091 (S.D.N.Y.) (the "Meehancombs Action"). On September 3, 2014, institutional investors allegedly holding approximately \$137 million in CEOC unsecured senior notes sued CEOC and Caesars Entertainment for breach of contract and the implied covenant of good faith, Trust Indenture Act ("TIA") violations and a declaratory judgment challenging the August 2014 private financing transaction in which a portion of outstanding senior unsecured notes were purchased by Caesars Entertainment, and a majority of the noteholders agreed to amend the indenture to terminate Caesars Entertainment's guarantee of the notes and modify certain restrictions on CEOC's ability to sell assets. Caesars Entertainment and CEOC filed a motion to dismiss on November 12, 2014. On January 15, 2015, the court granted the motion with respect to a TIA claim by Meehancombs but otherwise denied the motion. On January 30, 2015, plaintiffs filed an amended complaint seeking relief against Caesars Entertainment only, and Caesars Entertainment answered on February 12, 2015. On October 2, 2014, a related putative class action complaint was filed on behalf of the holders of these notes captioned Danner v. Caesars Entertainment Corp., et al., No. 14-cv-7973 (S.D.N.Y.) (the "Danner Action"), against Caesars Entertainment alleging claims similar to those in the Meehancombs Action. On February 19, 2015, plaintiffs filed an amended complaint, and Caesars Entertainment answered the amended complaint on February 25, 2015. In March 2015, each of Meehancombs and Danner served subpoenas for documents on Apollo. Apollo produced responsive, non-privileged documents in response to those subpoenas. In July 2015, Meehancombs and Danner served subpoenas for depositions on Apollo and those depositions were completed on September 22, 2015. On October 23, 2015, Meehancombs and Danner filed motions for partial summary judgment, related to TIA and breach of contract claims. On December 29, 2015, the court denied the motions for partial summary judgment. The parties are currently engaged in expert discovery. Trial in the Meehancombs and Danner Actions is scheduled to begin May 9, 2016.
- UMB Bank v. Caesars Entertainment Corporation, et al., No. 10393 (Del. Ch.) (the "UMB Action"). On November 25, 2014, UMB Bank, as trustee for certain CEOC notes, sued Caesars Entertainment, CEOC, other Caesars Entertainment-affiliated entities, and certain of Caesars Entertainment's directors, including Marc Rowan, Eric Press, David Sambur (each an Apollo Partner) and Jeffrey Benjamin (an Apollo consultant), in Delaware Chancery Court. The lawsuit alleges claims for actual and constructive fraudulent conveyance and transfer, insider preferences, illegal dividends, breach of contract, intentional interference with contractual relations, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, usurpation of corporate opportunities, and unjust enrichment. The UMB Action seeks appointment of a receiver for CEOC, a constructive trust, and other relief. The UMB Action has been assigned to the same judge overseeing the Trustee Action. Upon filing the complaint, UMB Bank moved to expedite its claim, seeking a receiver, on which the court held oral argument on December 17, 2014. On January 15, 2015, the court entered a stipulated order staying the UMB Action as to all parties due to CEOC's bankruptcy filing.
- Koskie v. Caesars Acquisition Company, et al., No. A-14-711712-C (Clark Cnty Nev. Dist. Ct.) (the "Koskie Action"). On December 30, 2014, Nicholas Koskie brought a shareholder class action on behalf of shareholders of Caesars Acquisition Company ("CAC") against CAC, Caesars Entertainment, and members of CAC's Board of Directors, including Marc Rowan and David Sambur (each an Apollo partner). The lawsuit challenges CAC and Caesars Entertainment's plan to merge, alleging that the proposed transaction will not give CAC shareholders fair value. Koskie asserts claims for breach of fiduciary duty relating to the director defendants' interrelationships with



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the entities involved the proposed transaction. The deadline for CAC to respond to this lawsuit has been adjourned indefinitely by agreement of the parties.

- BOKF, N.A. v. Caesars Entertainment Corporation, No. 15-156 (S.D.N.Y.) (the “BOKF Action”). On March 3, 2015, BOKF, N.A., as trustee for certain CEOC notes, sued Caesars Entertainment in the Southern District of New York. The lawsuit alleges claims for breach of contract, intentional interference with contractual relations and a declaratory judgment, and seeks to enforce Caesars Entertainment’s guarantee of certain CEOC notes. The BOKF Action has been assigned to the same judge as the Meehancombs and Danner Actions. On March 25, 2015, Caesars Entertainment filed an answer to the complaint. On May 19, 2015, BOKF sent the court a letter requesting permission to file a partial summary judgment motion on Counts II and V of its complaint, related to the validity and enforceability of Caesars Entertainment’s guarantee of certain notes issued by CEOC and alleged violations of the Trust Indenture Act, 15 U.S.C. §§ 76aaa, et seq. The Meehancombs and Danner plaintiffs did not join BOKF’s request to file for partial summary judgment. On May 28, 2015, the court granted BOKF permission to move for partial summary judgment. On June 15, 2015, another related complaint captioned UMB Bank, N.A. v. Caesars Entertainment Corp., et al., No. 15-cv-4634 (S.D.N.Y.) (the “UMB SDNY Action”) was filed by UMB Bank, N.A., solely in its capacity as Indenture Trustee of certain first lien notes (“UMB”), against Caesars Entertainment alleging claims similar to those alleged in the BOKF, Meehancombs and Danner Actions. On June 16, 2015, UMB sent a letter to the court requesting permission to file a partial summary judgment motion on the same schedule with BOKF. On June 26, 2015, BOKF and UMB filed partial summary judgment motions (the “Partial Summary Judgment Motions”). On July 24, 2015, Caesars Entertainment filed its opposition to the Partial Summary Judgment Motions, and on August 7, 2015, BOKF and UMB filed reply briefs in further support of the Partial Summary Judgment Motions. On August 27, 2015, the Court denied the Partial Summary Judgment Motions and certified its opinion for an interlocutory appeal to the United States Court of Appeals for the Second Circuit. On December 22, 2015, the Second Circuit declined to hear the interlocutory appeal. Separately, on November 20, 2015, BOKF and UMB filed a second set of motions for partial summary judgment, on the issue of the disputed contract interpretation related to indenture release provisions. On January 5, 2016 the District Court denied these motions. At a hearing on February 22, 2015, the Court bifurcated the trial in the BOKF and UMB Actions and scheduled the trial on the breach of contract and TIA claims to begin on March 14, 2016. The Court ordered a separate trial on the claims for breach of the covenant of good faith and fair dealing and tortious interference with contract to begin at a later date to be determined. On February 24, 2016, Caesars Entertainment filed a motion for partial summary judgment to dispose of the claims for (1) breach of the implied covenant of good faith and fair dealing brought by BOKF and UMB, and (2) intentional interference with contractual relations brought by BOKF. The plaintiffs’ responses are due on March 23, 2016, and Caesars Entertainment’s reply is due on April 1, 2016. Separately, on October 20, 2015, another related complaint captioned Wilmington Trust, National Association v. Caesars Entertainment Corp., No. 15-cv-08280 (S.D.N.Y.) (the “Wilmington Trust Action”) was filed by Wilmington Trust, N.A., solely in its capacity as Indenture Trustee for the 10.75% Notes due 2016 (“Wilmington Trust”), against Caesars Entertainment alleging claims similar to those alleged in the BOKF, UMB, Meehancombs, and Danner Actions. The Wilmington Trust Action has been referred to the same judge as the other Southern District of New York litigations.
- Apollo believes that the claims in the Trustee Action, the UMB Action, the Meehancombs Action, the Danner Action, the Koskie Action, the BOKF Action, the UMB SDNY Action, and the Wilmington Trust Action are without merit. For this reason, and because of pending bankruptcy proceedings involving CEOC, no reasonable estimate of possible loss, if any, can be made at this time.

Following the January 16, 2014 announcement that CEC Entertainment, Inc. (“CEC”) had entered into a merger agreement with certain entities affiliated with Apollo (the “Merger Agreement”), four putative shareholder class actions were filed in the District Court of Shawnee County, Kansas on behalf of purported stockholders of CEC against, among others, CEC, its directors and Apollo and certain of its affiliates, which include Qeso Holdings Inc., Q Merger Sub Inc., Apollo Management VIII, L.P., and AP VIII Qeso Holdings, L.P. The first purported class action, which is captioned Hilary Coyne v. Richard M. Frank et

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al., Case No. 14C57, was filed on January 21, 2014 (the “Coyné Action”). The second purported class action, which was captioned John Solak v. CEC Entertainment, Inc. et al., Civil Action No. 14C55, was filed on January 22, 2014 (the “Solak Action”). The Solak Action was dismissed for lack of prosecution on October 14, 2014. The third purported class action, which is captioned Irene Dixon v. CEC Entertainment, Inc. et al., Case No. 14C81, was filed on January 24, 2014 and additionally names as defendants Apollo Management VIII, L.P. and AP VIII Queso Holdings, L.P. (the “Dixon Action”). The fourth purported class action, which is captioned Louisiana Municipal Public Employees’ Retirement System v. Frank, et al., Case No. 14C97, was filed on January 31, 2014 (the “LMPERS Action”) (together with the Coyne and Dixon Actions, the “Shareholder Actions”). A fifth purported class action, which was captioned McCullough v. Frank, et al., Case No. CC-14-00622-B, was filed in the County Court of Dallas County, Texas on February 7, 2014. This action was dismissed for want of prosecution on May 21, 2014. Each of the Shareholder Actions alleges, among other things, that CEC’s directors breached their fiduciary duties to CEC’s stockholders in connection with their consideration and approval of the Merger Agreement, including by agreeing to an inadequate price, agreeing to impermissible deal protection devices, and filing materially deficient disclosures regarding the transaction. Each of the Shareholder Actions further alleges that Apollo and certain of its affiliates aided and abetted those alleged breaches. As filed, the Shareholder Actions seek, among other things, rescission of the various transactions associated with the merger, damages and attorneys’ fees and costs. On February 7, 2014 and February 11, 2014, the plaintiffs in the Shareholder Actions pursued a consolidated action for damages after the transaction closed. Thereafter, the Shareholder Actions were consolidated under the caption In re CEC Entertainment, Inc. Stockholder Litigation, Case No. 14C57, and the parties engaged in limited discovery. On July 21, 2015, a consolidated class action complaint was brought by Twin City Pipe Trades Pension Trust in the Shareholder Actions that did not name as defendants Apollo, Queso Holdings Inc., Q Merger Sub Inc., Apollo Management VIII, L.P., or AP VIII Queso Holdings, L.P., continued to assert claims against CEC and its former directors, and added The Goldman Sachs Group Inc. (“Goldman Sachs”) as a defendant. The consolidated complaint alleges, among other things, that CEC’s former directors breached their fiduciary duties to CEC’s stockholders by conducting a deficient sales process, agreeing to impermissible deal protection devices, and filing materially deficient disclosures regarding the transaction. It further alleges that two members of the board who also served as the senior managers of the company had material conflicts of interest and that Goldman Sachs aided and abetted the board’s breaches as a result of various conflicts of interest facing the bank. The consolidated complaint seeks, among other things, to recover damages, attorneys’ fees and costs. On October 22, 2015, the parties to the consolidated action moved to dismiss the complaint. Although Apollo cannot predict the ultimate outcome of the consolidated action, and therefore no reasonable estimate of possible loss, if any, can be made at this time, Apollo believes that such action is without merit.

On June 10, 2014, Magnetar Global Event Driven Fund Ltd., Spectrum Opportunities Master Fund, Ltd., Magnetar Capital Master Fund, Ltd., and Blackwell Partners LLC, as the purported beneficial owners of shares held as of record by the nominal petitioner Cede & Co., (the “Appraisal Petitioners”), filed an action for statutory appraisal under Kansas state law against CEC in the U.S. District Court for the District of Kansas, captioned Magnetar Global Event Driven Master Fund Ltd, et al. v. CEC Entertainment, Inc., 2:14-cv-02279-RDR-KGS. The Appraisal Petitioners seek appraisal of 750,000 shares of common stock. CEC has answered the complaint and filed a verified list of stockholders, as required under Kansas law. On September 3, 2014, the court entered a scheduling order that contemplated that discovery would commence in the fall of 2014 and would be substantially completed by May 2015. On January 13, 2015, the court entered a revised scheduling order that contemplated that fact discovery would be completed by March 13, 2015, expert discovery would be completed by June 15, 2015. On June 25, 2015, the court entered an order requiring the Appraisal Petitioners to produce additional documents to CEC. On June 29, 2015, the court held a pretrial conference. Following this conference, on June 30, 2015, the court entered a pretrial order. On December 11, 2015, the court scheduled a trial to begin on February 16, 2016. After executing a settlement agreement to resolve the Appraisal Petitioners’ claims, on February 4, 2016, the court entered an order dismissing the action with prejudice.

On June 12, 2015, a putative class action was commenced in the United States District Court for the Northern District of California by Rachel Silva and Don Hudson, on behalf of themselves and all others similarly situated, against Aviva plc; Athene Annuity and Life Company f/k/a Aviva Life and Annuity Company (“Aviva”); Athene USA Corporation f/k/a Aviva USA Corporation; Athene Holding; Athene Life Re Ltd.; Athene Asset Management; and AGM. The complaint in this action alleges violations of the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. Sections 1962(c) and (d). The plaintiffs allege that commencing in 2007 and continuing thereafter, Aviva and its then management engaged in a scheme to, among other things, falsely represent the financial strength of and hide the true financial condition of Aviva by, among other things, allegedly ceding risky liabilities to Aviva’s undercapitalized subsidiaries and affiliates, misvaluing assets, and failing to make required disclosures to purchasers of policies, and that after Athene Holding purchased all of the outstanding stock of Aviva’s parent effective October 2, 2013 the scheme was unwound and rewound so as to continue, and that as a result thereof some of the purchasers of annuity products issued by Aviva were charged an excessive price and were damaged as a result thereof. All defendants (except Aviva plc) have (a) moved to transfer this action to the United States District Court for the Southern District of Iowa and (b) moved to dismiss

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this action. Aviva plc separately moved to dismiss the action for lack of jurisdiction over it. All of these motions were heard by the Court on December 15, 2015, and the Court reserved decisions. In connection with these motions, the plaintiffs served discovery requests limited to the motion to transfer and Aviva plc's motion to dismiss for lack of jurisdiction. If the action is not dismissed, Athene Asset Management and AGM (and the other defendants) will deny the material allegations of the complaint and will vigorously defend themselves against these claims. Although neither Athene Asset Management nor AGM can predict the ultimate outcome of this action, each believes that it is without merit, and because this action is in its early stages, no reasonable estimate of possible loss, if any, can be made at this time.

Following the June 1, 2015 announcement that OM Group, Inc. ("OM Group") had entered into a merger agreement (the "OM Group Merger Agreement") with certain entities affiliated with AGM and an entity affiliated with Platform Specialty Products Corporation ("PSP"), six putative class actions were filed in the Court of Chancery of the State of Delaware on behalf of purported OM Group stockholders against certain current and former OM Group directors, the merger entities affiliated with AGM, which include Duke Acquisition Holdings, LLC and Duke Acquisition, Inc. (together with AGM, the "Apollo Parties"), and, except in one action, the merger entity affiliated with PSP, MacDermid Americas Acquisitions Inc. (together with PSP, the "PSP Parties"). AGM, PSP, and OM Group were also named as defendants in some of these putative class actions. On July 16, 2015, these six actions were consolidated into a putative class action captioned *In re OM Group Inc. Stockholders Litigation*, Consol. Case No. 11216-VCN (the "Consolidated Action"). The plaintiffs in the Consolidated Action subsequently designated the complaint previously filed in the action captioned *City of Sarasota Firefighters' Pension Fund v. Apollo Global Management, LLC*, Case No. 11249-VCN as the Consolidated Action's operative complaint. That complaint challenges, among other things, the OM Group Merger Agreement and the transactions contemplated thereby, alleging, among other things, that OM Group's directors breached their fiduciary duties to OM Group stockholders by engaging in a flawed sales process, agreeing to a price that does not adequately compensate OM Group stockholders, agreeing to certain unfair deal protection terms in the OM Group Merger Agreement and by failing to disclose material information to OM Group stockholders. The complaint also alleges that the Apollo Parties and the PSP Parties aided and abetted these alleged breaches of fiduciary duty. The complaint seeks various remedies, including declaratory relief and preliminary and permanent injunctive relief. While plaintiffs had declared their intent to pursue preliminary injunctive relief, and a hearing had been scheduled for August 6, plaintiffs dropped that request on August 2, 2015. The court has not yet set a schedule for resolving the case on the merits. Because this action is in its early stages, no reasonable estimate of possible loss, if any, can be made. Apollo believes that the allegations in the complaint are without merit and intends to vigorously defend the Consolidated Action.

On January 26, 2016, Verso Corporation and its subsidiaries ("Verso"), a portfolio company of certain of our private equity funds, filed for bankruptcy protection under Chapter 11 in the United States Bankruptcy Court for the District of Delaware. In connection with the bankruptcy filing, Verso entered into a debtor-in-possession financing package totaling \$775 million.

As has been reported in the press, the SEC has focused recently on the disclosure to limited partners of the acceleration of certain special fees. The Company provided information about this topic to the staff of the SEC in connection with the SEC's periodic examination of the Company in 2013. The Company recently received an informal request for additional information from the staff of the SEC on this topic and certain ancillary issues. The Company is fully and voluntarily cooperating with the informal requests and is in discussions with the SEC regarding a potential resolution of these matters. As of December 31, 2015, the Company accrued a \$45.0 million legal reserve in connection with these matters.

The Company received an informal request for information from the staff of the SEC concerning the use of designated lender counsel with respect to financing buyout transactions, an issue recently covered in the press. The Company is fully cooperating with the SEC's request for information.

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

**Commitments**—Apollo leases office space and certain office equipment under various lease and sublease arrangements, which expire on various dates through 2024. As these leases expire, it can be expected that in the normal course of business, they will be renewed or replaced. Certain lease agreements contain renewal options, rent escalation provisions based on certain costs incurred by the landlord or other inducements provided by the landlord. Rent expense is accrued to recognize lease escalation provisions and inducements provided by the landlord, if any, on a straight-line basis over the lease term and renewal periods where applicable. Apollo has entered into various operating lease service agreements in respect of certain assets.

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As of December 31, 2015, the approximate aggregate minimum future payments required for operating leases were as follows:

	2016	2017	2018	2019	2020	Thereafter	Total
Aggregate minimum future payments	\$ 37,812	\$ 35,871	\$ 31,207	\$ 30,641	\$ 14,159	\$ 10,817	\$ 160,507

Expenses related to non-cancellable contractual obligations for premises, equipment, auto and other assets were \$41.9 million, \$42.5 million and \$42.0 million for the years ended December 31, 2015, 2014 and 2013, respectively.

**Other Long-term Obligations**—These obligations relate to payments with respect to certain consulting agreements entered into by Apollo Investment Consulting LLC, a subsidiary of Apollo, as well as long-term service contracts. A significant portion of these costs are reimbursable by funds or portfolio companies. As of December 31, 2015, fixed and determinable payments due in connection with these obligations were as follows:

	2016	2017	2018	2019	2020	Thereafter	Total
Other long-term obligations	\$ 10,594	\$ 5,282	\$ 4,908	\$ 2,329	\$ —	\$ —	\$ 23,113

**Contingent Obligations**—Carried interest income with respect to private equity funds and certain credit and real estate funds is subject to reversal in the event of future losses to the extent of the cumulative carried interest recognized in income to date. If all of the existing investments became worthless, the amount of cumulative revenues that have been recognized by Apollo through December 31, 2015 and that would be reversed approximates \$2.4 billion. Management views the possibility of all of the investments becoming worthless as remote. Carried interest income is affected by changes in the fair values of the underlying investments in the funds that Apollo manages. Valuations, on an unrealized basis, can be significantly affected by a variety of external factors including, but not limited to, bond yields and industry trading multiples. Movements in these items can affect valuations quarter to quarter even if the underlying business fundamentals remain stable.

Additionally, at the end of the life of certain funds that the Company manages, there could be a payment due to a fund by the Company if the Company, as general partner, has received more carried interest income than was ultimately earned. The general partner obligation amount, if any, will depend on final realized values of investments at the end of the life of each fund or as otherwise set forth in the respective limited partnership agreement of the fund. See note 15 to our consolidated financial statements for further detail regarding the general partner obligation.

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

One of the Company's subsidiaries, AGS, provides underwriting commitments in connection with securities offerings to the portfolio companies of the funds Apollo manages. As of December 31, 2015, there were no underwriting commitments outstanding related to such offerings.

**Contingent Consideration**

In connection with the acquisition of Stone Tower in April 2012, the Company agreed to pay the former owners of Stone Tower a specified percentage of any future carried interest income earned from certain of the Stone Tower funds, CLOs, and strategic investment accounts. This contingent consideration liability was determined based on the present value of estimated future carried interest payments, and is recorded in profit sharing payable in the consolidated statements of financial condition. The fair value of the remaining contingent obligation was \$70.9 million and \$84.5 million as of December 31, 2015 and 2014, respectively.

In connection with the Gulf Stream acquisition, the Company agreed to make payments to the former owners of Gulf Stream under a contingent consideration obligation which required the Company to transfer cash to the former owners of Gulf Stream based on a specified percentage of carried interest income. The contingent liability had a fair value of \$8.7 million and

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\$11.6 million as of December 31, 2015 and 2014, respectively, which was recorded in profit sharing payable in the consolidated statements of financial condition.

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

The contingent consideration obligations are measured at fair value and are characterized as Level III liabilities. See note 6 for further information regarding fair value measurements.

**17. MARKET AND CREDIT RISK**

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

The Company is subject to a concentration risk related to the investors in its funds. As of December 31, 2015, there were more than 1,000 investors in Apollo's active private equity, credit and real estate funds, and no individual investor accounted for more than 10% of the total committed capital to Apollo's active funds.

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

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

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

Additionally, Apollo is exposed to interest rate risk. Apollo has debt obligations that have variable rates. Interest rate changes may therefore affect the amount of interest payments, future earnings and cash flows. At December 31, 2015 and 2014, \$530.7 million and \$534.1 million of Apollo's debt balance (excluding debt of the consolidated VIEs) had a variable interest rate, respectively.

**18. SEGMENT REPORTING**

Apollo conducts its business primarily in the United States and substantially all of its revenues are generated domestically. Apollo's business is conducted through three reportable segments namely private equity, credit and real estate.

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

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

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**Economic Income (Loss)**

Economic Income, or EI, is a key performance measure used by management in evaluating the performance of Apollo's private equity, credit and real estate segments. Management believes the components of EI, such as the amount of management fees, advisory and transaction fees and carried interest income, are indicative of the Company's performance. Management uses EI 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 the business and/or to facilitate expansion into new businesses; and
- Decisions relating to expenses, such as determining annual discretionary bonuses and equity-based compensation awards to its employees. With respect to compensation, management seeks to align the interests of certain professionals and selected other individuals with those of the investors in such funds and those of the Company's shareholders by providing such individuals a profit sharing interest in the carried interest income earned in relation to the funds. To achieve that objective, a certain amount of compensation is based on the Company's performance and growth for the year.

EI is a measure of profitability and has certain limitations in that it does not take into account certain items included under U.S. GAAP. EI represents segment income (loss) before income tax provision excluding transaction-related charges arising from the 2007 private placement, and any acquisitions. Transaction-related charges include equity-based compensation charges, the amortization of intangible assets, contingent consideration and certain other charges associated with acquisitions. In addition, segment data excludes non-cash revenue and expense related to equity awards granted by unconsolidated affiliates to employees of the Company, as well as the assets, liabilities and operating results of the funds and VIEs that are included in the consolidated financial statements.

During the first quarter of 2015 the definition of Economic Income ("EI") was changed to exclude transaction-related charges related to contingent consideration associated with acquisitions, which only impacted the credit segment. The impact of this change on EI has been made to prior period financial data to conform to the current period presentation and resulted in the following impact to the Company's credit segment for the years ended December 31, 2014 and 2013:

	<b>Impact of Revised Definition on Economic Income (Loss)</b>		
	<b>Total EI as Previously Reported</b>	<b>Impact of Revised Definition</b>	<b>Total EI After Revised Definition</b>
For the Year Ended December 31, 2014	\$ 755,546	\$ (495)	\$ 755,051
For the Year Ended December 31, 2013	2,127,651	61,449	2,189,100

These changes have been made to prior period financial data to conform to the current period presentation.

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The following table presents financial data for Apollo's reportable segments as of and for the years ended December 31, 2015, 2014 and 2013:

	As of and for the Year Ended December 31, 2015			
	Private Equity Segment	Credit Segment	Real Estate Segment	Total Reportable Segments
<b>Revenues:</b>				
Advisory and transaction fees from affiliates, net	\$ (7,485)	\$ 17,246	\$ 4,425	\$ 14,186
Management fees from affiliates	295,836	565,241	50,816	911,893
Carried interest income from affiliates:				
Unrealized gains (losses) <sup>(1)</sup>	(314,161)	(80,534)	7,154	(387,541)
Realized gains	339,822	139,152	5,857	484,831
<b>Total Revenues</b>	<b>314,012</b>	<b>641,105</b>	<b>68,252</b>	<b>1,023,369</b>
<b>Expenses:</b>				
Compensation and benefits:				
Salary, bonus and benefits	104,367	213,479	38,076	355,922
Equity-based compensation	31,324	26,683	4,177	62,184
Profit sharing expense	46,572	34,384	5,075	86,031
<b>Total compensation and benefits</b>	<b>182,263</b>	<b>274,546</b>	<b>47,328</b>	<b>504,137</b>
Other expenses	80,109	127,767	22,869	230,745
<b>Total Expenses</b>	<b>262,372</b>	<b>402,313</b>	<b>70,197</b>	<b>734,882</b>
<b>Other Income:</b>				
Net interest expense	(9,878)	(13,740)	(2,915)	(26,533)
Net gains from investment activities	6,933	114,199	—	121,132
Income (loss) from equity method investments	19,125	(6,025)	2,978	16,078
Other income, net	3,148	3,574	1,455	8,177
<b>Total Other Income</b>	<b>19,328</b>	<b>98,008</b>	<b>1,518</b>	<b>118,854</b>
Non-Controlling Interests	—	(11,684)	—	(11,684)
<b>Economic Income (Loss)</b>	<b>\$ 70,968</b>	<b>\$ 325,116</b>	<b>\$ (427)</b>	<b>\$ 395,657</b>
<b>Total Assets</b>	<b>\$ 1,255,340</b>	<b>\$ 2,143,813</b>	<b>\$ 192,469</b>	<b>\$ 3,591,622</b>

(1) Included in unrealized carried interest losses from affiliates for the year ended December 31, 2015 was a reversal of previously realized carried interest income due to the general partner obligation to return previously distributed carried interest income. See note 15 for further detail regarding the general partner obligation.

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As of and for the Year Ended December 31, 2014

	Private Equity Segment	Credit Segment	Real Estate Segment	Total Reportable Segments
<b>Revenues:</b>				
Advisory and transaction fees from affiliates, net	\$ 58,241	\$ 255,186	\$ 2,655	\$ 316,082
Management fees from affiliates	315,069	538,742	47,213	901,024
Carried interest income from affiliates:				
Unrealized gains (losses) <sup>(1)</sup>	(1,196,093)	(156,644)	4,951	(1,347,786)
Realized gains	1,428,076	322,233	3,998	1,754,307
Total Revenues	605,293	959,517	58,817	1,623,627
<b>Expenses:</b>				
Compensation and benefits:				
Salary, bonus and benefits	96,689	210,546	32,611	339,846
Equity-based compensation	49,526	47,120	8,849	105,495
Profit sharing expense	178,373	83,788	2,747	264,908
Total compensation and benefits	324,588	341,454	44,207	710,249
Other expenses	70,286	151,252	21,669	243,207
Total Expenses	394,874	492,706	65,876	953,456
<b>Other Income:</b>				
Net interest expense	(7,883)	(9,274)	(1,941)	(19,098)
Net gains from investment activities	—	9,062	—	9,062
Income from equity method investments	30,418	18,812	5,675	54,905
Other income, net	14,027	35,263	3,409	52,699
Total Other Income	36,562	53,863	7,143	97,568
Non-Controlling Interests	—	(12,688)	—	(12,688)
Economic Income	\$ 246,981	\$ 507,986	\$ 84	\$ 755,051
Total Assets	\$ 1,833,254	\$ 2,136,173	\$ 202,395	\$ 4,171,822

(1) Included in unrealized carried interest losses from affiliates for the year ended December 31, 2014 was a reversal of previously realized carried interest income due to the general partner obligation to return previously distributed carried interest income. See note 15 for further detail regarding the general partner obligation.



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For the Year Ended December 31, 2013

	Private Equity Segment	Credit Segment	Real Estate Segment	Total Reportable Segments
<b>Revenues:</b>				
Advisory and transaction fees from affiliates, net	\$ 78,371	\$ 114,643	\$ 3,548	\$ 196,562
Management fees from affiliates	284,833	392,433	53,436	730,702
Carried interest income from affiliates:				
Unrealized gains (losses) <sup>(1)</sup>	454,722	(56,568)	4,681	402,835
Realized gains	2,062,525	430,260	541	2,493,326
Total Revenues	2,880,451	880,768	62,206	3,823,425
<b>Expenses:</b>				
Compensation and benefits:				
Salary, bonus and benefits	109,761	153,056	31,936	294,753
Equity-based compensation	31,967	24,167	10,207	66,341
Profit sharing expense	1,030,404	81,279	123	1,111,806
Total compensation and benefits	1,172,132	258,502	42,266	1,472,900
Other expenses	100,896	147,525	24,528	272,949
Total Expenses	1,273,028	406,027	66,794	1,745,849
<b>Other Income:</b>				
Net interest expense	(10,701)	(9,686)	(2,804)	(23,191)
Net loss from investment activities	—	(12,593)	—	(12,593)
Income from equity method investments	78,811	30,678	3,722	113,211
Other income, net	13,774	32,193	2,115	48,082
Total Other Income	81,884	40,592	3,033	125,509
Non-Controlling Interests	—	(13,985)	—	(13,985)
Economic Income (Loss)	\$ 1,689,307	\$ 501,348	\$ (1,555)	\$ 2,189,100

(1) Included in unrealized carried interest losses from affiliates for the year ended December 31, 2013 was a reversal of previously realized carried interest income due to the general partner obligation to return previously distributed carried interest income. See note 15 for further detail regarding the general partner obligation.

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The following tables reconcile the total reportable segments to Apollo's income before income tax provision and total assets as of and for the years ended December 31, 2015, 2014 and 2013:

<b>As of and for the Year Ended December 31, 2015</b>			
	<b>Total Reportable Segments</b>	<b>Consolidation Adjustments and Other</b>	<b>Consolidated</b>
Revenues	\$ 1,023,369	\$ 18,301 <sup>(1)</sup>	\$ 1,041,670
Expenses	734,882	96,093 <sup>(2)</sup>	830,975
Other income	118,854	47,679 <sup>(3)</sup>	166,533
Non-Controlling Interests	(11,684)	11,684	—
Economic Income / Income before income tax provision	<u>\$ 395,657 <sup>(4)</sup></u>	<u>\$ (18,429)</u>	<u>\$ 377,228</u>
Total Assets	<u>\$ 3,591,622</u>	<u>\$ 968,186 <sup>(5)</sup></u>	<u>\$ 4,559,808</u>

<b>As of and for the Year Ended December 31, 2014</b>			
	<b>Total Reportable Segments</b>	<b>Consolidation Adjustments and Other</b>	<b>Consolidated</b>
Revenues	\$ 1,623,627	\$ (63,544) <sup>(1)</sup>	\$ 1,560,083
Expenses	953,456	90,107 <sup>(2)</sup>	1,043,563
Other income	97,568	263,079 <sup>(3)</sup>	360,647
Non-Controlling Interests	(12,688)	12,688	—
Economic Income / Income before income tax provision	<u>\$ 755,051 <sup>(4)</sup></u>	<u>\$ 122,116</u>	<u>\$ 877,167</u>
Total Assets	<u>\$ 4,171,822</u>	<u>\$ 19,000,966 <sup>(5)</sup></u>	<u>\$ 23,172,788</u>

<b>For the Year Ended December 31, 2013</b>			
	<b>Total Reportable Segments</b>	<b>Consolidation Adjustments and Other</b>	<b>Consolidated</b>
Revenues	\$ 3,823,425	\$ (89,854) <sup>(1)</sup>	\$ 3,733,571
Expenses	1,745,849	195,866 <sup>(2)</sup>	1,941,715
Other income	125,509	564,198 <sup>(3)</sup>	689,707
Non-Controlling Interests	(13,985)	13,985	—
Economic Income / Income before income tax provision	<u>\$ 2,189,100 <sup>(4)</sup></u>	<u>\$ 292,463</u>	<u>\$ 2,481,563</u>

- (1) Represents advisory fees, management fees and carried interest income earned from consolidated VIEs which are eliminated in consolidation. Includes non-cash revenues related to equity awards granted by unconsolidated affiliates to employees of the Company.
- (2) Represents the addition of expenses of consolidated funds and VIEs and transaction-related charges. Transaction-related charges include equity-based compensation charges, the amortization of intangible assets, contingent consideration and certain other charges associated with acquisitions.
- (3) Results from the following:

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	For the Year Ended December 31,		
	2015	2014	2013
Net gains from investment activities	\$ 591	\$ 204,181	\$ 342,828
Net gains from investment activities of consolidated variable interest entities	19,050	22,564	199,742
Loss from equity method investments	(1,223)	(1,048)	(5,861)
Other income, net	29,261	37,382	27,489
<b>Total consolidation adjustments</b>	<b>\$ 47,679</b>	<b>\$ 263,079</b>	<b>\$ 564,198</b>

- (4) The reconciliation of Economic Income to income before income tax provision reported in the consolidated statements of operations consists of the following:

	For the Year Ended December 31,		
	2015	2014	2013
Economic Income	395,657	755,051	2,189,100
Adjustments:			
Net income attributable to Non-Controlling Interests in consolidated entities and appropriated partners' capital	21,364	157,011	456,953
Transaction-related charges <sup>(6)</sup>	(39,793)	(34,895)	(164,490)
<b>Total consolidation adjustments and other</b>	<b>\$ (18,429)</b>	<b>\$ 122,116</b>	<b>\$ 292,463</b>
<b>Income before income tax provision</b>	<b>\$ 377,228</b>	<b>\$ 877,167</b>	<b>\$ 2,481,563</b>

- (5) Represents the addition of assets of consolidated funds and VIEs. Upon adoption of new accounting guidance (see note 2), debt issuance costs previously recorded in other assets in the consolidated statements of financial condition were reclassified as a direct deduction of the carrying amount of the related debt arrangement.
- (6) Transaction-related charges include equity-based compensation charges, the amortization of intangible assets, contingent consideration and certain other charges associated with acquisitions. Equity-based compensation adjustment includes non-cash revenues and expenses related to equity awards granted by unconsolidated affiliates to employees of the Company.

**19. SUBSEQUENT EVENTS**

On January 14, 2016, the Company issued 529,395 Class A shares in settlement of vested RSUs. This issuance caused the Company's ownership interest in the Apollo Operating Group to increase from 45.6% to 45.7%.

On February 3, 2016, the Company declared a cash distribution of \$0.28 per Class A share, which will be paid on February 29, 2016 to holders of record on February 19, 2016.

In February 2016, Apollo adopted a plan to repurchase up to \$250 million in the aggregate of its Class A shares, including up to \$150 million in the aggregate of its outstanding Class A shares through a share repurchase program and up to \$100 million through a reduction of Class A shares to be issued to employees to satisfy associated tax obligations in connection with the settlement of equity-based awards granted under the Company's equity incentive plan. Under the share repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise, with the size and timing of these repurchases depending on legal requirements, price, market and economic conditions and other factors.

On February 5, 2016, the Company issued 2,745,799 Class A shares in settlement of vested RSUs. This issuance caused the Company's ownership interest in the Apollo Operating Group to increase from 45.7% to 46.0%.

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**20. QUARTERLY FINANCIAL DATA (UNAUDITED)**

	For the Three Months Ended			
	March 31, 2015 <sup>(1)</sup>	June 30, 2015	September 30, 2015	December 31, 2015
Revenues	\$ 303,024	\$ 351,727	\$ 193,268	\$ 193,651
Expenses	223,996	244,539	174,911	187,529
Other Income	7,984	49,978	84,793	23,778
Income Before Provision for Taxes	\$ 87,012	\$ 157,166	\$ 103,150	\$ 29,900
Net Income	\$ 81,498	\$ 148,074	\$ 96,559	\$ 24,364
Net income attributable to Apollo Global Management, LLC	\$ 30,927	\$ 56,428	\$ 41,051	\$ 6,091
Net Income per Class A Share - Basic	\$ 0.09	\$ 0.30	\$ 0.20	\$ 0.02
Net Income per Class A Share - Diluted	\$ 0.09	\$ 0.30	\$ 0.20	\$ 0.02

- (1) Apollo adopted new U.S. GAAP consolidation and collateralized financing entity (“CFE”) guidance during the three months ended June 30, 2015 which resulted in the deconsolidation of certain funds and VIEs as of January 1, 2015 and a measurement alternative of the financial assets and liabilities of the remaining consolidated CLOs as of January 1, 2015. The adoption did not impact net income attributable to Apollo Global Management, LLC but did impact various line items within the statement of operations and financial condition. See note 2 for details regarding the Company’s adoption of the new consolidation and CFE guidance.

	For the Three Months Ended			
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Revenues	\$ 491,400	\$ 572,152	\$ 221,135	\$ 275,396
Expenses	314,119	354,369	177,388	197,687
Other Income (Loss)	314,912	69,556	(82,135)	58,314
Income Before Provision for Taxes	\$ 492,193	\$ 287,339	\$ (38,388)	\$ 136,023
Net Income (Loss)	\$ 459,644	\$ 252,302	\$ (67,764)	\$ 85,740
Net income attributable to Apollo Global Management, LLC	\$ 72,169	\$ 71,668	\$ 2,210	\$ 22,182
Net Income (Loss) per Class A Share - Basic	\$ 0.32	\$ 0.33	\$ (0.05)	\$ 0.04
Net Income (Loss) per Class A Share - Diluted	\$ 0.32	\$ 0.33	\$ (0.05)	\$ 0.04

	For the Three Months Ended			
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013
Revenues	\$ 1,309,073	\$ 497,261	\$ 1,132,089	\$ 795,148
Expenses	622,602	322,787	600,115	396,211
Other Income (Loss)	132,173	(8,165)	210,820	354,879
Income Before Provision for Taxes	\$ 818,644	\$ 166,309	\$ 742,794	\$ 753,816
Net Income	\$ 800,065	\$ 148,170	\$ 695,590	\$ 730,169
Net income attributable to Apollo Global Management, LLC	\$ 248,978	\$ 58,737	\$ 192,516	\$ 159,160
Net Income per Class A Share-Basic	\$ 1.60	\$ 0.32	\$ 1.13	\$ 0.94
Net Income per Class A Share - Diluted	\$ 1.59	\$ 0.32	\$ 1.13	\$ 0.93

**ITEM 8A. UNAUDITED SUPPLEMENTAL PRESENTATION OF STATEMENTS  
OF FINANCIAL CONDITION**

**APOLLO GLOBAL MANAGEMENT, LLC  
CONSOLIDATING STATEMENTS OF FINANCIAL CONDITION (Unaudited)  
(dollars in thousands, except share data)**

	December 31, 2015			
	Apollo Global Management, LLC and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
<b>Assets:</b>				
Cash and cash equivalents	\$ 612,505	\$ —	\$ —	\$ 612,505
Cash and cash equivalents held at consolidated funds	—	4,817	—	4,817
Restricted cash	5,700	—	—	5,700
Investments	1,223,407	28,547	(97,205)	1,154,749
Assets of consolidated variable interest entities				
Cash and cash equivalents	—	56,793	—	56,793
Investments, at fair value	—	910,858	(292)	910,566
Other assets	—	63,413	—	63,413
Carried interest receivable	643,907	—	—	643,907
Due from affiliates	248,972	—	(1,137)	247,835
Deferred tax assets	646,207	—	—	646,207
Other assets	93,452	2,636	(244)	95,844
Goodwill	88,852	—	—	88,852
Intangible assets, net	28,620	—	—	28,620
<b>Total Assets</b>	<b>\$ 3,591,622</b>	<b>\$ 1,067,064</b>	<b>\$ (98,878)</b>	<b>\$ 4,559,808</b>
<b>Liabilities and Shareholders' Equity</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 92,012	\$ —	\$ —	\$ 92,012
Accrued compensation and benefits	54,836	—	—	54,836
Deferred revenue	177,875	—	—	177,875
Due to affiliates	594,536	—	—	594,536
Profit sharing payable	295,674	—	—	295,674
Debt	1,025,255	—	—	1,025,255
Liabilities of consolidated variable interest entities:				
Debt, at fair value	—	843,584	(42,314)	801,270
Other liabilities	—	86,226	(244)	85,982
Due to affiliates	—	1,137	(1,137)	—
Other liabilities	38,750	4,637	—	43,387
<b>Total Liabilities</b>	<b>2,278,938</b>	<b>935,584</b>	<b>(43,695)</b>	<b>3,170,827</b>
<b>Shareholders' Equity:</b>				
Apollo Global Management, LLC shareholders' equity:				
Additional paid in capital	2,005,509	—	—	2,005,509
Accumulated deficit	(1,348,386)	34,468	(34,466)	(1,348,384)
Appropriated partners' capital	—	—	—	—
Accumulated other comprehensive income (loss)	(5,171)	(2,496)	47	(7,620)
Total Apollo Global Management, LLC shareholders' equity	651,952	31,972	(34,419)	649,505
Non-Controlling Interests in consolidated entities	7,817	99,508	(20,764)	86,561
Non-Controlling Interests in Apollo Operating Group	652,915	—	—	652,915
<b>Total Shareholders' Equity</b>	<b>1,312,684</b>	<b>131,480</b>	<b>(55,183)</b>	<b>1,388,981</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 3,591,622</b>	<b>\$ 1,067,064</b>	<b>\$ (98,878)</b>	<b>\$ 4,559,808</b>



**APOLLO GLOBAL MANAGEMENT, LLC**  
**CONSOLIDATING STATEMENTS OF FINANCIAL CONDITION (Unaudited)**  
(dollars in thousands, except share data)

	December 31, 2014			
	Apollo Global Management, LLC and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,204,052	\$ —	\$ —	\$ 1,204,052
Cash and cash equivalents held at consolidated funds	—	1,611	—	1,611
Restricted cash	6,353	—	—	6,353
Investments	857,391	2,173,989	(151,374)	2,880,006
Assets of consolidated variable interest entities				
Cash and cash equivalents	—	1,088,952	—	1,088,952
Investments, at fair value	—	15,658,948	(295)	15,658,653
Other assets	—	323,932	(692)	323,240
Carried interest receivable	958,846	—	(47,180)	911,666
Due from affiliates	278,632	—	(10,617)	268,015
Deferred tax assets	606,717	—	—	606,717
Other assets	110,940	3,578	(277)	114,241
Goodwill	88,852	—	(39,609)	49,243
Intangible assets, net	60,039	—	—	60,039
<b>Total Assets</b>	<b>\$ 4,171,822</b>	<b>\$ 19,251,010</b>	<b>\$ (250,044)</b>	<b>\$ 23,172,788</b>
<b>Liabilities and Shareholders' Equity</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 43,772	\$ 474	\$ —	\$ 44,246
Accrued compensation and benefits	59,278	—	—	59,278
Deferred revenue	199,614	—	—	199,614
Due to affiliates	564,799	354	—	565,153
Profit sharing payable	434,852	—	—	434,852
Debt	1,027,965	—	—	1,027,965
Liabilities of consolidated variable interest entities:				
Debt, at fair value	—	14,170,474	(47,374)	14,123,100
Other liabilities	—	728,957	(239)	728,718
Due to affiliates	—	58,526	(58,526)	—
Other liabilities	42,183	4,218	—	46,401
<b>Total Liabilities</b>	<b>2,372,463</b>	<b>14,963,003</b>	<b>(106,139)</b>	<b>17,229,327</b>
<b>Shareholders' Equity:</b>				
Apollo Global Management, LLC shareholders' equity:				
Additional paid in capital	2,256,054	—	(1,771)	2,254,283
Accumulated deficit	(1,433,759)	2,175,406	(2,142,308)	(1,400,661)
Appropriated partners' capital	—	972,774	(39,608)	933,166
Accumulated other comprehensive income (loss)	33,052	—	(33,358)	(306)
Total Apollo Global Management, LLC shareholders' equity	855,347	3,148,180	(2,217,045)	1,786,482
Non-Controlling Interests in consolidated entities	9,228	1,139,827	2,073,140	3,222,195
Non-Controlling Interests in Apollo Operating Group	934,784	—	—	934,784
<b>Total Shareholders' Equity</b>	<b>1,799,359</b>	<b>4,288,007</b>	<b>(143,905)</b>	<b>5,943,461</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 4,171,822</b>	<b>\$ 19,251,010</b>	<b>\$ (250,044)</b>	<b>\$ 23,172,788</b>

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

We maintain “disclosure controls and procedures”, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective at the reasonable assurance level to accomplish their objectives of ensuring that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

No changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act) occurred during our most recent quarter, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Management’s Report on Internal Control Over Financial Reporting**

Management of Apollo is responsible for establishing and maintaining adequate internal control over financial reporting. Apollo’s internal control over financial reporting is a process designed under the supervision of its principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of its consolidated financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

Apollo’s internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets, provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Apollo’s assets that could have a material effect on its financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of Apollo’s internal control over financial reporting as of December 31, 2015 based on the framework established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that Apollo’s internal control over financial reporting as of December 31, 2015 was effective.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited Apollo’s financial statements included in this annual report on Form 10-K and issued its report on the effectiveness of Apollo’s internal control over financial reporting as of December 31, 2015, which is included herein.



**ITEM 9B. OTHER INFORMATION**

None.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

**Directors and Executive Officers**

The following table presents certain information concerning our board of directors and executive officers:

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Leon Black	64	Chairman, Chief Executive Officer and Director
Joshua Harris	51	Senior Managing Director and Director
Marc Rowan	53	Senior Managing Director and Director
Martin Kelly	48	Chief Financial Officer
John Suydam	56	Chief Legal Officer
Michael Ducey	67	Director
Paul Fribourg	62	Director
Robert Kraft	74	Director
A.B. Krongard	79	Director
Pauline Richards	67	Director

**Leon Black.** Mr. Black is the Chairman of the board of directors and Chief Executive Officer of Apollo and a Managing Partner of Apollo Management, L.P. In 1990, Mr. Black founded Apollo Management, L.P. and Lion Advisors, L.P. to manage investment capital on behalf of a group of institutional investors, focusing on corporate restructuring, leveraged buyouts and taking minority positions in growth-oriented companies. From 1977 to 1990, Mr. Black worked at Drexel Burnham Lambert Incorporated, where he served as a Managing Director, head of the Mergers & Acquisitions Group, and co-head of the Corporate Finance Department. Mr. Black also serves on the board of directors of the general partner of AAA and previously served on the board of directors of Sirius XM Radio Inc. Mr. Black is a Co-Chairman of The Museum of Modern Art and a trustee of The Mount Sinai Medical Center and The Asia Society. He is also a member of The Council on Foreign Relations and The Partnership for New York City. He is also a member of the boards of directors of FasterCures and the Port Authority Task Force. Mr. Black graduated summa cum laude from Dartmouth College in 1973 with a major in Philosophy and History and received an MBA from Harvard Business School in 1975. Mr. Black has significant experience making and managing private equity investments on behalf of Apollo and has over 36 years' experience financing, analyzing and investing in public and private companies. In his prior positions with Drexel and in his positions at Apollo, Mr. Black is responsible for leading and overseeing teams of professionals. His extensive experience allows Mr. Black to provide insight into various aspects of Apollo's business and is of significant value to the board of directors.

**Joshua Harris.** Mr. Harris is a Senior Managing Director and a member of the board of directors of Apollo and a Managing Partner of Apollo Management, L.P., which he co-founded in 1990. Prior to 1990, Mr. Harris was a member of the Mergers and Acquisitions group of Drexel Burnham Lambert Incorporated. Mr. Harris has previously served on the board of directors of Berry Plastics Group Inc., EP Energy Corporation, EPE Acquisition, LLC, CEVA Logistics, Momentive Performance Materials Holdings LLC, Constellium N.V., LyondellBasell Industries B.V., Momentive Specialty Chemicals Inc. and Momentive Specialty Chemicals Holdings LLC. Mr. Harris is a member of the Federal Reserve Bank of New York's Investor Advisory Committee, the Council of Foreign Relations, and is on the Board of Trustees of Mount Sinai Medical Center. He participates on the University of Pennsylvania's Wharton School's Board of Overseers, the Board of Trustees at the Harvard Business School and certain other charitable and educational boards. Mr. Harris is a Managing Member of the Philadelphia 76ers and a Managing Member of the New Jersey Devils. Mr. Harris graduated summa cum laude and Beta Gamma Sigma from the University of Pennsylvania's Wharton School of Business with a B.S. in Economics and received his M.B.A. from the Harvard Business School, where he graduated as a Baker and Loeb

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Scholar. Mr. Harris has significant experience in making and managing private equity investments on behalf of Apollo and has over 26 years' experience in financing, analyzing and investing in public and private companies. Mr. Harris's extensive knowledge of Apollo's business and experience in a variety of senior leadership roles enhance the breadth of experience of the board of directors.

**Marc Rowan.** Mr. Rowan is a Senior Managing Director and member of the board of directors of Apollo and a Managing Partner of Apollo Management, L.P., which he co-founded in 1990. Prior to 1990, Mr. Rowan was a member of the Mergers & Acquisitions Group of Drexel Burnham Lambert Incorporated, with responsibilities in high yield financing, transaction idea generation and merger structure negotiation. Mr. Rowan currently serves on the boards of directors of, inter alia, Athene Holding Ltd, Caesars Entertainment Corporation, Caesars Acquisition Co. and Caesars Entertainment Operating Co. He has previously served on the boards of directors of, inter alia, the general partner of AAA, AMC Entertainment, Inc., Cablecom GmbH, Culligan Water Technologies, Inc., Countrywide Holdings Limited, Furniture Brands International Inc., Mobile Satellite Ventures, LLC, National Cinemedia, Inc., National Financial Partners, Inc., New World Communications, Inc., Norwegian Cruise Lines, Quality Distribution, Inc., Samsonite Corporation, SkyTerra Communications Inc., Unity Media SCA, Vail Resorts, Inc. and Wyndham International, Inc. Mr. Rowan is also active in charitable activities. He is a founding member and Chairman of the YRF-Darca and is a member of the Board of Overseers of the University of Pennsylvania's Wharton School of Business and serves on the boards of directors of Jerusalem Online and the New York City Police Foundation. Mr. Rowan graduated summa cum laude from the University of Pennsylvania's Wharton School of Business with a B.S. and an M.B.A. in Finance. Mr. Rowan has significant experience making and managing private equity investments on behalf of Apollo and has over 27 years' experience financing, analyzing and investing in public and private companies. Mr. Rowan's extensive financial background and expertise in private equity investments enhance the breadth of experience of the board of directors.

**Martin Kelly.** Mr. Kelly joined Apollo in 2012 as Chief Financial Officer. Mr. Kelly also oversees the Firm's IT, Risk, Operations and Audit groups. From 2008 to 2012, Mr. Kelly was with Barclays Capital and, from 2000 to 2008, Mr. Kelly was with Lehman Brothers Holdings Inc. Prior to departing Barclays Capital, Mr. Kelly served as Managing Director, CFO of the Americas, and Global Head of Financial Control for their Corporate and Investment Bank. Prior to joining Lehman Brothers in 2000, Mr. Kelly spent 13 years with PricewaterhouseCoopers LLP, including serving in the Financial Services Group in New York from 1994 to 2000. Mr. Kelly was appointed a Partner of the firm in 1999. Mr. Kelly received a degree in Commerce, majoring in Finance and Accounting, from the University of New South Wales in 1989.

**John Suydam.** Mr. Suydam joined Apollo in 2006 and serves as Apollo's Chief Legal Officer. From 2002 to 2006, Mr. Suydam was a partner at O'Melveny & Myers LLP where he served as head of Mergers and Acquisitions and co-head of the Corporate Department. Prior to that time, Mr. Suydam served as Chairman of the law firm O'Sullivan, LLP which specialized in representing private equity investors. Mr. Suydam serves on the boards of The Legal Action Center, Environmental Solutions Worldwide, Inc. and New York University School of Law, and is a member of the Department of Medicine Advisory Board of the Mount Sinai Medical Center. Mr. Suydam received his J.D. from New York University and graduated magna cum laude with a B.A. in History from the State University of New York at Albany.

**Michael Ducey.** Mr. Ducey has served as an independent director of Apollo and a member of the audit committee and as Chairman of the conflicts committee of our board of directors since 2011. Mr. Ducey was with Compass Minerals International, Inc., from March 2002 to May 2006, where he served in a variety of roles, including as President, Chief Executive Officer and Director prior to his retirement in May 2006. Prior to joining Compass Minerals International, Inc., Mr. Ducey worked for nearly 30 years at Borden Chemical, Inc., in various management, sales, marketing, planning and commercial development positions, and ultimately as President, Chief Executive Officer and Director. Mr. Ducey is currently a director of and serves as the Chairman of the audit committee of Verso Paper Holdings, Inc. He is also the Chairman of the compliance and governance committee and the nominations committee of the board of directors of HaloSource, Inc. Mr. Ducey joined Ciner Resources Corporation (formerly OCI Resources LP) as an independent member of the board of directors in September 2014, where he serves on the audit committee and the conflicts committee. From September 2009 to December 2012, Mr. Ducey was the non-executive Chairman of TPC Group, Inc. and served on the audit committee and the environmental health and safety committee. From June 2006 to May 2008, Mr. Ducey served on the board of directors of and as a member of the governance and compensation committee of the board of directors of UAP Holdings Corporation. Also, from July 2010 to May 2011, Mr. Ducey was a member of the board of directors and served on the audit committee of Smurfit-Stone Container Corporation. Mr. Ducey graduated from Otterbein University with a degree in Economics and an M.B.A. in finance from the University of Dayton. Mr. Ducey's comprehensive corporate background and his experience serving on various boards and committees add significant value to the board of directors.

**Paul Fribourg.** Mr. Fribourg has served as an independent director of Apollo and as a member of the conflicts committee of our board of directors since 2011. From 1997 to the present, Mr. Fribourg has served as Chairman and Chief Executive Officer of Continental Grain Company. Prior to 1997, Mr. Fribourg served in a variety of other roles at Continental Grain Company, including Merchandiser, Product Line Manager, Group President and Chief Operating Officer. Mr. Fribourg serves on the boards of directors of Restaurant Brands International Inc., Loews Corporation, Castleton Commodities International LLC and The Estee Lauder Companies, Inc. He also serves as a board member of the Rabobank International North American Agribusiness Advisory Board,

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the New York University Mitchell Jacobson Leadership Program in Law and Business Advisory Board and Endeavor Global Inc. Mr. Fribourg is also a member of the Council on Foreign Relations and the International Business Leaders Advisory Council for The Mayor of Shanghai. Mr. Fribourg graduated magna cum laude from Amherst College and completed the Advanced Management Program at Harvard Business School. Mr. Fribourg's extensive corporate experience enhances the breadth of experience and independence of the board of directors.

**Robert Kraft.** Mr. Kraft has served as an independent director of Apollo and as a member of the conflicts committee of our board of directors since 2014. Mr. Kraft is Chairman and Chief Executive Officer of The Kraft Group, which includes the New England Patriots, New England Revolution, Gillette Stadium, Rand-Whitney Group and International Forest Products Corporation. Mr. Kraft serves on a number of NFL Committees, including the Executive Committee, Finance Committee and Broadcast Committee (Chairman). Since 2006, Mr. Kraft has been a member of the board of directors of Viacom Inc. He also serves as Chairman for both the New England Patriots Charitable Foundation and the Robert and Myra Kraft Family Foundation, and is a director of the Dana Farber Cancer Institute. Mr. Kraft's corporate strategic and operational experience combined with his strong relationships in the business community make him a valuable member of the board of directors.

**A.B. Krongard.** Mr. Krongard has served as an independent director of Apollo and as a member of the audit committee of our board of directors since 2011. From 2001 to 2004, Mr. Krongard served as Executive Director of the Central Intelligence Agency. From 1998 to 2001, Mr. Krongard served as Counselor to the Director of Central Intelligence. Prior to 1998, Mr. Krongard served in various capacities at Alex Brown, Incorporated, including serving as Chief Executive Officer beginning in 1991 and assuming additional duties as Chairman of the board of directors in 1994. Upon the merger of Alex Brown, Incorporated with Bankers Trust Corporation in 1997, Mr. Krongard served as Vice-Chairman of the Board of Bankers Trust Corporation and served in such capacity until joining the Central Intelligence Agency. Mr. Krongard serves as the Lead Director and audit committee Chairman of Under Armour, Inc. and also serves as a board member of Iridium Communications Inc., Seventy-Seven Energy Inc. and In-Q-Tel, Inc. Mr. Krongard graduated with honors from Princeton University and received a J.D. from the University of Maryland School of Law, where he also graduated with honors. Mr. Krongard also serves as the Vice Chairman of the Johns Hopkins Health System. Mr. Krongard's comprehensive corporate background contributes to the range of experience of the board of directors.

**Pauline Richards.** Ms. Richards has served as an independent director of Apollo and as Chairman of the audit committee of our board of directors since 2011. Ms. Richards currently serves as Chief Operating Officer of Armour Group Holdings Limited, a position she has held since 2008. Ms. Richards also serves as a member of the Audit and Compensation Committees of the board of directors of Wyndham Worldwide, a position she has held since 2006; is a director of Hamilton Insurance Group, serving on the audit and investment committees, a position she has held since 2013; and is the Treasurer of the board of directors of PRIDE Bermuda, a drug prevention organization of which she has been a member for over 20 years. Prior to 2008, Ms. Richards served as Director of Development of Saltus Grammar School from 2003 to 2008, as Chief Financial Officer of Lombard Odier Darier Hentsch (Bermuda) Limited from 2001 to 2003, and as Treasurer of Gulf Stream Financial Limited from 1999 to 2000. Ms. Richards also served as a member of the Audit Committee and chair of the Corporate Governance Committee of the board of directors of Butterfield Bank from 2006 to 2013. Ms. Richards graduated from Queen's University, Ontario, Canada, with a BA in psychology and has obtained certification as a CPA, CMA. Ms. Richards' extensive finance experience and her service on the boards of other public companies add significant value to the board of directors.

## **Our Manager**

Our operating agreement provides that so long as the Apollo Group 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 owned and controlled by our Managing Partners, 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. We refer to the Apollo Group's beneficial ownership of at least 10% of such voting power as the "Apollo control condition." 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 but does not include any portfolio companies.

Decisions by our manager are made by its executive committee, which is composed of our three Managing Partners. Each Managing Partner will remain on the executive committee for so long as he is employed by us, provided that Mr. Black, upon his retirement, may at his option remain on the executive committee until his death or disability or any commission of an act that would constitute cause if Mr. Black had still been employed by us. Other than those actions that require unanimous consent, actions by the executive committee are determined by majority vote of its voting members, except as to the following matters, as to which Mr. Black will have the right of veto: (i) the designations of directors to our board, or (ii) a sale or other disposition of the Apollo Operating Group and/or its subsidiaries or any portion thereof, through a merger, recapitalization, stock sale, asset sale or otherwise, to an unaffiliated third party (other than through an exchange of Apollo Operating Group units, transfers by a Managing Partner or a permitted transferee to another permitted transferee, or the issuance of bona fide equity incentives to any of our non-Managing Partner employees) that constitutes (x) a direct or indirect sale of a ratable interest (or substantially ratable interest) in each entity that constitutes the Apollo Operating Group or (y) a sale of all or substantially all of the assets of Apollo (this clause (ii), an "LB Approval Event"). Exchanges of Apollo Operating Group units for Class A shares that are not pro rata among our Managing Partners or in which each Managing Partner has the option not to participate are not subject to Mr. Black's right of veto.

Subject to limited exceptions described in our operating agreement, our manager may not sell, exchange or otherwise dispose of all or substantially all of our assets and those of our subsidiaries, taken as a whole, in a single transaction or a series of related transactions without the approval of holders of a majority of the aggregate number of voting shares outstanding; provided, however, that this does not preclude or limit our manager's ability, in its sole discretion, to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets and those of our subsidiaries (including for the benefit of persons other than us or our subsidiaries, including affiliates of our manager) and does not apply to any forced sale of any or all of our assets pursuant to the foreclosure of, or other realization upon, any such encumbrance.

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. The agreement does not limit the amount of expenses for which we will reimburse our manager and its affiliates.

## **Board Composition and Limited Powers of Our Board of Directors**

For so long as the Apollo control condition is satisfied, our manager shall (i) nominate and elect all directors to our board of directors, (ii) set the number of directors of our board of directors and (iii) fill any vacancies on our board of directors. After the Apollo control condition is no longer satisfied, each of our directors will be elected by the vote of a plurality of our shares entitled to vote, voting as a single class, to serve until his or her successor is duly elected or appointed and qualified or until his or her earlier death, retirement, disqualification, resignation or removal. Our board currently consists of eight members. For so long as the Apollo control condition is satisfied, our manager may remove any director, with or without cause, at any time. After such condition is no longer satisfied, a director or the entire board of directors may be removed by the affirmative vote of holders of 50% or more of the total voting power of our shares.

As noted, so long as the Apollo control condition is satisfied, our manager will manage all of our operations and activities, and our board of directors will have no authority other than that which our manager chooses to delegate to it. In the event that the Apollo control condition is not satisfied, our board of directors will manage all of our operations and activities.

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Pursuant to a delegation of authority from our manager, which may be revoked, our board of directors has established and at all times will maintain audit and conflicts committees of the board of directors that have the responsibilities described below under “—Committees of the Board of Directors—Audit Committee” and “—Committees of the Board of Directors—Conflicts Committee.”

Where action is required or permitted to be taken by our board of directors or a committee thereof, a majority of the directors or committee members present at any meeting of our board of directors or any committee thereof at which there is a quorum shall be the act of our board or such committee, as the case may be. Our board of directors or any committee thereof may also act by unanimous written consent.

Under the Agreement Among Managing Partners (as described under “Item 13. Certain Relationships and Related Transactions—Lenders Rights Agreement—Amendments to Managing Partner Transfer Restrictions”), the vote of a majority of the independent members of our board of directors will decide the following: (i) in the event that a vacancy exists on the executive committee of our manager and the remaining members of the executive committee cannot agree on a replacement (other than a replacement for Mr. Black nominated by Mr. Black or his representative, which requires the approval of only one member of the executive committee), the independent members of our board of directors shall select one of the two nominees to the executive committee of our manager presented to them by the remaining members of such executive committee to fill the vacancy on such executive committee and (ii) in the event that Mr. Black wishes to exercise his ability to cause an LB Approval Event, the affirmative vote of the majority of the independent members of our board of directors shall be required to approve such a transaction. We are not a party to the Agreement Among Managing Partners, and neither we nor our shareholders (other than our Strategic Investors, as described under “Item 13. Certain Relationships and Related Transactions—Lenders Rights Agreement—Amendments to Managing Partner Transfer Restrictions”) have any right to enforce the provisions described above. Such provisions can be amended or waived upon agreement of our Managing Partners at any time.

### **Committees of the Board of Directors**

We have established an audit committee as well as a conflicts committee. Our audit committee has adopted a charter that complies with current SEC and NYSE rules relating to corporate governance matters. Our board of directors may from time to time establish other committees of our board of directors.

#### ***Audit Committee***

The primary purpose of our audit committee is to assist our manager in overseeing and monitoring (i) the quality and integrity of our financial statements, (ii) our compliance with legal and regulatory requirements, (iii) our independent registered public accounting firm’s qualifications and independence and (iv) the performance of our independent registered public accounting firm.

The current members of our audit committee are Messrs. Ducey and Krongard and Ms. Richards. Ms. Richards currently serves as Chairperson of the committee. Each of the members of our audit committee meets the independence standards and financial literacy requirements for service on an audit committee of a board of directors pursuant to the Exchange Act and NYSE rules applicable to audit committees and corporate governance. Furthermore, our manager has determined that Ms. Richards is an “audit committee financial expert” within the meaning of Item 407(d)(5) of Regulation S-K. Our audit committee has a charter which is available on our website at [www.agm.com](http://www.agm.com) under the “Investor Relations” section.

#### ***Conflicts Committee***

The current members of our conflicts committee are Messrs. Ducey, Fribourg and Kraft. Mr. Ducey currently serves as Chairman of the committee. The purpose of the conflicts committee is to review specific matters that our manager believes may involve conflicts of interest. The conflicts committee will determine whether the resolution of any conflict of interest submitted to it is fair and reasonable to us. Any matters approved by the conflicts committee will be conclusively deemed to be fair and reasonable to us and not a breach by us of any duties that we may owe to our shareholders. In addition, the conflicts committee may review and approve any related person transactions, other than those that are approved pursuant to our related person policy, as described under “Item 13. Certain Relationships and Related Party Transactions—Statement of Policy Regarding Transactions with Related Persons,” and may establish guidelines or rules to cover specific categories of transactions.

## **Code of Business Conduct and Ethics**

We have a Code of Business Conduct and Ethics, which applies to, among others, our principal executive officer, principal financial officer and principal accounting officer. A copy of our Code of Business Conduct and Ethics is available on our website at [www.agm.com](http://www.agm.com) under the “Investor Relations” section. We intend to disclose any amendment to or waiver of the Code of Business Conduct and Ethics on behalf of an executive officer or director either on our website or in an 8-K filing.

## **Corporate Governance Guidelines**

We have Corporate Governance Guidelines that address significant issues of corporate governance and set forth procedures by which our manager and board of directors carry out their respective responsibilities. The guidelines are available for viewing on our website at [www.agm.com](http://www.agm.com) under the “Investor Relations” section. We will also provide the guidelines, free of charge, to shareholders who request them. Requests should be directed to our Secretary at Apollo Global Management, LLC, 9 West 57th Street, 43rd Floor, New York, New York 10019.

## **Communications with the Board of Directors**

A shareholder or other interested party who wishes to communicate with our directors, a committee of our board of directors, our independent directors as a group or our board of directors generally may do so in writing. Any such communications may be sent to our board of directors by U.S. mail or overnight delivery and should be directed to our Secretary at Apollo Global Management, LLC, 9 West 57th Street, 43rd Floor, New York, New York 10019, who will forward them to the intended recipient(s). Any such communications may be made anonymously. Unsolicited advertisements, invitations to conferences or promotional materials, in the discretion of our Secretary, are not required, however, to be forwarded to the directors.

## **Executive Sessions of Independent Directors**

The independent directors serving on our board of directors meet periodically in executive sessions during the year at regularly scheduled meetings of our board of directors. These executive sessions will be presided over by one of the independent directors serving on our board of directors selected on an ad-hoc basis.

## **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than ten percent of a registered class of the Company’s equity securities to file initial reports of ownership and reports of changes in ownership with the SEC and furnish us with copies of all Section 16(a) forms they file. To our knowledge, based solely on our review of the copies of such reports furnished to us or written representations from such persons that they were not required to file a Form 5 to report previously unreported ownership or changes in ownership, we believe that, with respect to the fiscal year ended December 31, 2015, such persons complied with all such filing requirements.

## **ITEM 11. EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### *Overview of Compensation Philosophy*

**Alignment of Interests with Investors and Shareholders.** Our principal compensation philosophy is to align the interests of our Managing Partners and other senior professionals with those of our Class A shareholders and fund investors. This alignment, which we believe is a key driver of our success, has been achieved principally by our Managing Partners’ and other investment professionals’ direct beneficial ownership of equity in our business in the form of AOG Units and Class A shares, their ownership of rights to receive a portion of the incentive income earned from our funds, the direct investment by our investment professionals in our funds, and our practice of paying annual incentive compensation partly in the form of equity-based grants that are subject to vesting. As a result of this alignment, the compensation of our professionals is closely tied to the performance of our businesses.

**Significant Personal Investment.** Our investment professionals generally make significant personal investments in our funds (as more fully described under “Item 13. Certain Relationships and Related Party Transactions”), directly or indirectly, and our professionals who receive carried interests in our funds are generally required to invest their own capital in the funds on which they work in amounts that are generally proportionate to the size of their participation in incentive income. We believe that these investments help to ensure that our professionals have capital at risk and reinforce the linkage between the success of the funds we manage, the success of the Company and the compensation paid to our professionals.



**Long-Term Performance and Commitment.** Most of our professionals have been issued RSUs, which provide rights to receive Class A shares and, in some instances, distribution equivalents on those shares. The vesting requirements and minimum retained ownership requirements for these awards contribute to our professionals' focus on long-term performance while enhancing retention of these professionals. RSUs are not awarded to our Managing Partners, whose beneficial ownership of equity interests in the company is generally in the form of AOG units, as discussed below under “—Note on Distributions on Apollo Operating Group Units.”

**Discouragement of Excessive Risk-Taking.** Although investments in alternative assets can pose risks, we believe that our compensation program includes significant elements that discourage excessive risk-taking while aligning the compensation of our professionals with our long-term performance. For example, notwithstanding that we accrue compensation for our carried interest programs (described below) as increases in the value of the portfolio investments are recorded in the related funds, we generally make payments in respect of carried interest allocations to our employees only after profitable investments have actually been realized. This helps to ensure that our professionals take a long-term view that is consistent with the interests of the Company, our shareholders and the investors in our funds. Moreover, if a fund fails to achieve specified investment returns due to diminished performance of later investments, our carried interest program relating to that fund generally permits, for the benefit of the limited partner investors in that fund, the return of carried interest payments (generally net of tax) previously made to us or our employees. These provisions discourage excessive risk-taking and promote a long-term view that is consistent with the interests of our fund investors and shareholders. Our general requirement that our professionals invest in the funds we manage further aligns the interests of our professionals, fund investors and Class A shareholders. Finally, the minimum retained ownership requirements of our RSUs and AOG Units, as well as a requirement that certain investment professionals use a portion of their distributions of carried interest income and incentive fees to purchase Class A restricted shares, discourage excessive risk-taking because the value of these interests is tied directly to the long-term performance of our Class A shares.

#### ***Note on Distributions on Apollo Operating Group Units***

We note that all of our Managing Partners beneficially own AOG Units. In particular, as of December 31, 2015, the Managing Partners beneficially owned, through their interest in Holdings, approximately 48.4% of the total limited partner interests in the Apollo Operating Group. When made, distributions on these units are in the same amount per unit as distributions made to us in respect of the AOG Units we hold. Although distributions on AOG Units are distributions on equity rather than compensation, they play a central role in aligning our Managing Partners' interests with those of our Class A shareholders, which is consistent with our compensation philosophy. In 2015, the Managing Partners were required to retain 77.5% of their AOG Units.

#### ***Compensation Elements for Named Executive Officers***

Consistent with our emphasis on alignment of interests with our fund investors and Class A shareholders, compensation elements tied to the profitability of our different businesses and that of the funds that we manage are the primary means of compensating our five executive officers listed in the tables below, or the “named executive officers.” The key elements of the compensation of our named executive officers during fiscal year 2015 are described below. We distinguish among the compensation components applicable to our named executive officers as appropriate in the below summary. Messrs. Black, Harris and Rowan are the three members of the group referred to elsewhere in this report as the “Managing Partners.”

**Annual Salary.** Each of our named executive officers receives an annual salary. The base salaries of our named executive officers are set forth in the Summary Compensation Table below, and those base salaries were set by our Managing Partners in their judgment after considering the historic compensation levels of the officer, competitive market dynamics, and each officer's level of responsibility and anticipated contributions to our overall success.

**RSUs.** In 2015, a portion of our named executive officers' compensation (other than for our Managing Partners) was paid in the form of RSUs. We refer to our annual grants of RSUs as Bonus Grants. The RSUs are subject to multi-year vesting and minimum retained ownership requirements. In 2015, all named executive officers who have received RSUs were required to retain at least 77.5% of any Class A shares issued to them pursuant to RSU awards, net of the number of gross shares sold or netted to pay applicable income or employment taxes. The named executive officer Plan Grants and Bonus Grants are described below under “—Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table—Awards of Restricted Share Units Under the Equity Plan.”

**Carried Interest and Incentive Fees.** Carried interests and incentive fee entitlements with respect to our funds confer rights to receive distributions if a distribution is made to investors following the realization of an investment or receipt of operating profit from an investment by the fund. Distributions of carried interest generally are subject to contingent repayment (generally net of tax) if the fund fails to achieve specified investment returns due to diminished performance of later investments, while distributions in respect of incentive fees are generally not subject to contingent repayment. The actual gross amount of carried interest allocations or incentive fees available for distribution are a function of the performance of the applicable fund. For these

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reasons, we believe that participation in carried interest and incentive fees generated by our funds aligns the interests of our participating named executive officers with those of our Class A shareholders and fund investors.

We currently have two principal types of carried interest programs, which we refer to as dedicated and incentive pool. Messrs. Kelly and Suydam have been awarded rights to participate in a dedicated percentage of the carried interest or incentive fee income earned by the general partners of certain of our funds. Participation in dedicated carried interest in our private equity funds is typically subject to vesting, which rewards long-term commitment to the firm and thereby enhances the alignment of participants' interests with the Company. As with our distributions in respect of incentive fees, our financial statements characterize the carried interest income allocated to participating professionals in respect of their dedicated carried interests as compensation. Actual distributions in respect of dedicated carried interests and incentive fees are included in the "All Other Compensation" column of the summary compensation table.

Our performance based incentive arrangement referred to as the incentive pool further aligns the overall compensation of certain of our professionals to the realized performance of our business. The incentive pool provides for compensation based on carried interest realizations earned by us during the year and enhances our capacity to offer competitive compensation opportunities to our professionals. "Carried interest realizations earned" means carried interest earned by the general partners of our funds under the applicable fund limited partnership agreements based upon transactions that have closed or other rights to cash that have become fixed in the applicable calendar year period. Under this arrangement, Messrs. Kelly and Suydam, among other of our professionals, were awarded incentive pool compensation based on carried interest realizations earned during 2015. Allocations to participants in the incentive pool contain both a fixed component and a discretionary component, both of which may vary year-to-year, including as a result of our overall realized performance and the contributions and performance of each participant. The Managing Partners determine the amount of the carried interest realizations to place into the incentive pool in their discretion after considering various factors, including Company profitability, management company cash requirements and anticipated future costs, provided that the incentive pool consists of an amount equal to at least one percent (1%) of the carried interest realizations attributable to profits generated after creation of the incentive pool that were taxable in the applicable year and not allocable to dedicated carried interests. Each participant in the incentive pool is entitled to receive, as a fixed component of participation in the incentive pool, his or her pro rata allocation of this 1% amount each year, provided the participant remains employed by us at the time of allocation. Our financial statements characterize the carried interest income allocated to participating professionals in respect of incentive pool interests as compensation. The "All Other Compensation" column of the summary compensation table includes actual distributions paid from the incentive pool.

**Restricted Shares.** We require that a portion of the carried interest and incentive fee distributions in respect of certain of the investment funds we manage is used by our employees who receive those distributions to purchase Class A restricted shares issued under our 2007 Omnibus Equity Incentive Plan. This practice further promotes alignment with our shareholders and encourages participating professionals to maximize the success of the Company as a whole. Like our RSUs, the restricted shares are subject to multi-year vesting, which fosters retention. In 2015, the funds with respect to which Messrs. Kelly and Suydam have rights subject to this restricted share purchase requirement had not yet commenced making carried interest or incentive fee distributions.

### ***Determination of Compensation of Named Executive Officers***

Our Managing Partners make all final determinations regarding named executive officer compensation. Decisions about the variable elements of a named executive officer's compensation, including participation in our carried interest and incentive fee programs, discretionary bonuses (if any) and grants of equity-based awards, are based primarily on our Managing Partners' assessment of such named executive officer's individual performance, operational performance for the department or division in which the officer (other than a Managing Partner) serves, and the officer's impact on our overall operating performance and potential to contribute to long-term shareholder value. In evaluating these factors, our Managing Partners do not utilize quantitative performance targets but rather rely upon their judgment about each named executive officer's performance to determine an appropriate reward for the current year's performance. The determinations by our Managing Partners are ultimately subjective, are not tied to specified annual, qualitative or individual objectives or performance factors, and reflect discussions among the Managing Partners. Factors that our Managing Partners typically consider in making such determinations include the named executive officer's type, scope and level of responsibilities, active participation in managing a team of professionals, corporate citizenship and the named executive officer's overall contributions to our success. Our Managing Partners also consider each named executive officer's prior-year compensation, the appropriate balance between incentives for long-term and short-term performance, competitive market dynamics, compensation provided to the named executive officer by other entities, and the compensation paid to the named executive officer's peers within the Company. The Managing Partners determined that, based on the above factors, including the named executive officers' overall compensation levels, discretionary cash bonuses would not be awarded to any named executive officer for 2015.



**Compensation Committee Interlocks and Insider Participation**

Our board of directors does not have a compensation committee. Our Managing Partners make all compensation determinations with respect to executive officer compensation. For a description of certain transactions between us and the Managing Partners, see “Item 13. Certain Relationships and Related Party Transactions.”

**Compensation Committee Report**

As noted above, our board of directors does not have a compensation committee. The executive committee of our manager identified below has reviewed and discussed with management the foregoing Compensation Discussion and Analysis and, based on such review and discussion, has determined that the Compensation Discussion and Analysis should be included in this Annual Report on Form 10-K.

*Leon Black  
Joshua Harris  
Marc Rowan*

**Summary Compensation Table**

The following summary compensation table sets forth information concerning the compensation earned by, awarded to or paid to our principal executive officer, our principal financial officer, and our three other most highly compensated executive officers for the fiscal year ended December 31, 2015. The earnings of our Managing Partners, Messrs. Black, Harris and Rowan, derive predominantly from distributions they receive as a result of their indirect beneficial ownership of AOG Units and their rights under the tax receivable agreement (described elsewhere in this report, including above under “Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Cash Distribution Policy”), rather than from compensation, and accordingly are not included in the tables below. We recently reevaluated our management structure and the group of persons with policy making functions as of January 2015. As a result, certain members of our management are no longer considered to be executive officers. The executive officers named in the table are referred to as the named executive officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(1)</sup>	All Other Compensation (\$) <sup>(2)</sup>	Total (\$)
Leon Black, Chairman, Chief Executive Officer and Director	2015	100,000	—	—	144,751	244,751
	2014	100,000	—	—	173,980	273,980
	2013	100,000	—	—	173,053	273,053
Martin Kelly, Chief Financial Officer	2015	1,000,000	—	681,643	1,300,000	2,981,643
	2014	1,000,000	—	698,444	1,300,000	2,998,444
	2013	1,000,000	—	541,246	950,000	2,491,246
John Suydam, Chief Legal Officer	2015	2,500,000	—	499,058	1,640,003	4,639,062
	2014	3,000,000	—	511,370	5,420,540	8,931,910
	2013	3,000,000	949,788	504,345	7,148,168	11,602,301
Joshua Harris, Senior Managing Director and Director	2015	100,000	—	—	281,204	381,204
Marc Rowan, Senior Managing Director and Director	2015	100,000	—	—	169,671	269,671

- (1) For Messrs. Kelly and Suydam, represents the aggregate grant date fair value of stock awards granted, as applicable, computed in accordance with FASB ASC Topic 718. The amounts shown do not reflect compensation actually received by the named executive officers, but instead represent the aggregate grant date fair value of the awards. See note 14 to our consolidated financial statements for further information concerning the assumptions made in valuing our RSU awards.
- (2) Amounts included for 2015 represent, in part, actual cash distributions in respect of dedicated carried interest allocations for Mr. Suydam of \$1,111,472. The 2015 amounts also include actual incentive pool cash distributions of \$1,300,000 for Mr. Kelly and \$500,000 for Mr. Suydam. The “All Other Compensation” column for 2015 also includes costs relating to Company-provided cars and drivers for the business and personal use of Messrs. Black, Harris, Rowan and Suydam. We provide this benefit because we believe that its cost is outweighed by

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the convenience, increased efficiency and added security and confidentiality that it offers. The personal use cost was approximately \$130,076 for Mr. Black, \$172,095 for Mr. Harris, \$154,996 for Mr. Rowan and \$26,631 for Mr. Suydam. For Messrs. Black, Harris and Rowan, this amount includes both fixed and variable costs, including lease costs, driver compensation, driver meals, fuel, parking, tolls, repairs, maintenance and insurance, and, for Mr. Rowan, car service costs. For Mr. Suydam, this amount includes the costs to the Company associated with his use of a car service. For Mr. Harris, this amount also includes \$94,434 in information technology services. Except as discussed in this paragraph, no 2015 perquisites or personal benefits individually exceeded the greater of \$25,000 or 10% of the total amount of all perquisites and other personal benefits reported for the named executive officer. The cost of excess liability insurance provided to our named executive officers falls below this threshold. Mr. Kelly did not receive perquisites or personal benefits in 2015, except for incidental benefits having an aggregate value of less than \$10,000. Our named executive officers also receive secretarial support with respect to personal matters. We incur no incremental cost for the provision of such additional benefits. Accordingly, no such amount is included in the Summary Compensation Table.

### **Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table**

#### ***Employment, Non-Competition and Non-Solicitation Agreements with Chairman and Chief Executive Officer and with each Senior Managing Director***

In July 2012, we entered into an employment, non-competition and non-solicitation agreement with Leon Black, our chairman and chief executive officer, and with each of Joshua Harris and Marc Rowan, our senior managing directors, all of whom are members of our manager's executive committee. These agreements superseded and were substantially similar to agreements with our Managing Partners dated July 13, 2007. The term of the 2012 agreements concluded on July 19, 2015. Since that date, our Managing Partners' employment has continued on the same terms as provided under the agreements, and each continues to receive an annual salary of \$100,000 and to participate in our employee benefit plans, as in effect from time to time.

#### ***Employment, Non-Competition and Non-Solicitation Agreement with Chief Financial Officer***

On July 2, 2012, we entered into an employment, non-competition and non-solicitation agreement with Martin Kelly, our chief financial officer. His annual base salary is \$1,000,000. As provided in his employment agreement, Mr. Kelly received a Plan Grant of 375,000 RSUs in connection with his commencement of employment. He is eligible for an annual bonus in an amount to be determined by the Managing Partners in their discretion. Mr. Kelly participates in the incentive pool and is eligible to receive distributions thereunder.

#### ***Employment Terms of Chief Legal Officer***

John Suydam, our chief legal officer, does not have an employment agreement with us.

#### ***Awards of Restricted Share Units Under the Equity Plan***

On October 23, 2007, we adopted our 2007 Omnibus Equity Incentive Plan. Grants of RSUs under the plan have been made to certain of our named executive officers primarily pursuant to two programs, which we call the "Plan Grants" and the "Bonus Grants." Following the 2007 Reorganization, Plan Grants were made to Mr. Suydam and a broad range of our other employees. Plan Grants have also been made to subsequent employee hires, including Mr. Kelly. The Plan Grants generally vest over six years, with the first installment becoming vested approximately one year after grant and the balance vesting thereafter in equal quarterly installments. Holders of Plan Grant RSUs become entitled to distribution equivalents on their vested RSUs if we pay ordinary distributions on our outstanding Class A shares. The administrator of the 2007 Omnibus Equity Incentive Plan determines when shares issued pursuant to the RSU Awards may be disposed of, except that a participant will generally be permitted to sell shares if necessary to cover taxes. Under our retained ownership requirements, in 2015, all executive officers who received RSU awards were required to retain at least 77.5% of any Class A shares issued to them under those awards (net of the number of gross shares sold or netted to pay applicable income or employment taxes).

The RSUs advance several goals of our compensation program. The Plan Grants align employee interests with those of our shareholders by making our employees, upon delivery of the underlying Class A shares, shareholders themselves. Because they vest over time, the Plan Grants reward employees for sustained contributions to the Company and foster retention. The size of the Plan Grants is determined by the Plan administrator based on the grantee's level of responsibility and contributions to the Company. The restrictive covenants contained in the RSU agreements reinforce our culture of fiduciary protection of our fund investors and shareholders by requiring RSU holders to abide by the provisions regarding non-competition, confidentiality and other limitations on behavior described in the immediately preceding paragraph.

The Bonus Grants are also grants of RSUs under the 2007 Omnibus Equity Incentive Plan. However, the Bonus Grants constitute payment of a portion of the annual compensation earned by certain of our professionals, including Messrs. Kelly and Suydam, subject to the employee's continued service through the vesting dates. Our named executive officers' Bonus Grants

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generally differ from their Plan Grants in the following principal ways:

- The RSU Shares underlying Bonus Grants are generally scheduled to vest in three equal annual installments.
- Distribution equivalents are earned on Bonus Grant RSUs (whether or not vested) when ordinary distributions are made on Class A shares after the grant date, but distribution equivalents are earned on Plan Grant RSUs only after they have vested.

**Grants of Plan-Based Awards**

The following table presents information regarding RSUs granted to Messrs. Kelly and Suydam under our 2007 Omnibus Equity Incentive Plan in 2015. No options were granted to a named executive officer in 2015.

Name	Grant Date	Estimated Future Payouts under Equity Incentive Plan Awards Target (#)	Stock Awards: Number of Shares of Stock or Units (#) <sup>(1)</sup>	Grant Date Fair Value or Modification Date Incremental Fair Value of Stock and Option Awards (\$) <sup>(2)</sup>
Leon Black	—	—	—	—
Martin Kelly	December 29, 2015	—	45,871	681,643
John Suydam	December 29, 2015	—	33,584	499,058
Joshua Harris	—	—	—	—
Marc Rowan	—	—	—	—

- (1) Represents the aggregate number of RSUs covering our Class A shares (none of the Bonus Grants awarded in 2015 vested in 2015). For a discussion of these grants, please see the discussion above under “—Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table—Awards of Restricted Share Units Under the Equity Plan.”
- (2) Represents the aggregate grant date fair value of the RSUs granted in 2015, computed in accordance with FASB ASC Topic 718. The amounts shown do not reflect compensation actually received, but instead represent the aggregate grant date fair value of the award.

**Outstanding Equity Awards at Fiscal Year-End**

The following table presents information regarding unvested RSU awards made by us to our named executive officers under our 2007 Omnibus Equity Incentive Plan that were outstanding at December 31, 2015. Our named executive officers did not hold any options at fiscal year-end.

Name	Grant Date	Stock Awards	
		Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(5)</sup>
Leon Black	—	—	—
Martin Kelly	December 29, 2015	45,871 <sup>(1)</sup>	696,322
	December 29, 2014	20,567 <sup>(2)</sup>	312,207
	December 26, 2013	6,038 <sup>(3)</sup>	91,657
	September 30, 2012	171,875 <sup>(4)</sup>	2,609,063
John Suydam	December 29, 2015	33,584 <sup>(1)</sup>	509,805
	December 29, 2014	15,059 <sup>(2)</sup>	228,596
	December 26, 2013	5,627 <sup>(3)</sup>	85,418
Joshua Harris	—	—	—
Marc Rowan	—	—	—

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- (1) Bonus Grant RSUs that vest in substantially equal annual installments on December 31 of each of 2016, 2017 and 2018.
- (2) Bonus Grant RSUs that vest in substantially equal annual installments on December 31 of each of 2016 and 2017.
- (3) Bonus Grant RSUs that vest on December 31, 2016.
- (4) Plan Grant RSUs that vest in substantially equal installments over the 11 calendar quarters beginning March 31, 2016.
- (5) Amounts calculated by multiplying the number of unvested RSUs held by the named executive officer by the closing price of \$15.18 per Class A share on December 31, 2015.

**Option Exercises and Stock Vested**

The following table presents information regarding the number of outstanding initially unvested RSUs held by our named executive officers that vested during 2015 and the number of options exercised by our named executive officers in 2015. The amounts shown below do not reflect compensation actually received by the named executive officers, but instead are calculations of the number of RSUs that vested during 2015 based on the closing price of our Class A shares on the date of vesting. Shares received by our named executive officers are subject to our retained ownership requirements. No options were exercised by our named executive officers in 2015.

Name	Type of Award	Stock Awards	
		Number of Shares Acquired on Vesting(#)	Value Realized on Vesting(\$)
Leon Black	—	—	—
Martin Kelly	RSUs	87,832	1,573,759 <sup>(1)</sup>
John Suydam	RSUs	23,268	353,208 <sup>(1)</sup>
Joshua Harris	—	—	—
Marc Rowan	—	—	—

- (1) Amounts calculated by multiplying the number of RSUs held by the named executive officer that vested on each applicable vesting date in 2015 by the closing price per Class A share on that date. Class A shares underlying these vested RSUs are issued to the named executive officer in accordance with the schedules described above under “— Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table—Awards of Restricted Share Units Under the Equity Plan.”

**Potential Payments upon Termination or Change in Control**

None of the named executive officers is entitled to payment or other benefits in connection with a change in control.

None of Messrs. Black, Harris or Rowan is entitled to severance or other payments or benefits in connection with an employment termination. Messrs. Black, Harris and Rowan are required to protect the confidential information of Apollo both during and after employment. In addition, until one year after employment termination, each is required to refrain from soliciting employees under specified circumstances or interfering with our relationships with investors and to refrain from competing with us in a business that involves primarily (*i.e.*, more than 50%) third-party capital. These post-termination covenants survive any termination or expiration of the Agreement Among Managing Partners (described elsewhere in this report under “Item 13. Certain Relationships and Related Party Transactions—Agreement Among Managing Partners”). If any of Messrs. Black, Harris or Rowan becomes subject to a potential termination for cause or by reason of disability, our manager may appoint an investment professional to perform his functional responsibilities and duties until cause or disability definitively results in his termination or is determined not to have occurred, but the manager may so appoint an investment professional only if such Managing Partner is unable to perform his responsibilities and duties or, as a matter of fiduciary duty, should be prohibited from doing so. During any such period, the Managing Partner shall continue to serve on the executive committee of our manager unless otherwise prohibited from doing so pursuant to the Agreement Among Managing Partners.

If Mr. Kelly’s employment is terminated by us without cause or he resigns for good reason, he will be entitled to severance of six months’ base pay and reimbursement of health insurance premiums paid in the six months following his employment termination. If Mr. Kelly’s employment is terminated by us without cause or he resigns for good reason, he will vest in 50% of any unvested portion of his Plan Grant RSUs. If his employment is terminated by reason of death or disability, he will vest in 50% of any unvested portion of his Plan Grant and Bonus Grant RSUs. We may terminate Mr. Kelly’s employment with or without cause, and we will provide 90 days’ notice (or payment in lieu of such period of notice) prior to a termination without cause. Mr. Kelly is required to give us 90 days’ notice prior to a resignation for any reason. He is required to protect the confidential information of Apollo both during and after employment. In addition, during employment and for 12 months after employment, Mr. Kelly is

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also obligated to refrain from soliciting our employees, interfering with our relationships with investors or other business relations, and competing with us in a business that manages or invests in assets substantially similar to those managed or invested in by Apollo or its affiliates.

If Mr. Suydam's employment is terminated by reason of death or disability, he will vest in 50% of his then unvested RSUs. Mr. Suydam is required to protect our confidential information at all times. During his employment and for 12 months thereafter, Mr. Suydam is also obligated to refrain from soliciting our employees, interfering with our relationships with investors or other business relations, and competing with us in a business that manages or invests in assets substantially similar to those invested in or managed by Apollo or its affiliates. Mr. Suydam is required to provide 90 days' notice prior to a resignation for any reason.

The named executive officers' obligations during and after employment were considered by the Managing Partners in determining appropriate post-employment payments and benefits for the named executive officers.

The following table lists the estimated amounts that would have been payable to each of our named executive officers in connection with a termination that occurred on the last day of our last completed fiscal year and the value of any additional equity that would vest upon such termination. When listing the potential payments to named executive officers under the plans and agreements described above, we have assumed that the applicable triggering event occurred on December 31, 2015 and that the price per share of our Class A shares was \$15.18, which is equal to the closing price on such date. For purposes of this table, RSU values are based on the \$15.18 closing price.

Name	Reason for Employment Termination	Estimated Value of Cash Payments (\$)	Estimated Value of Equity Acceleration (\$)
Leon Black	Cause	—	—
	Death, disability	—	—
Martin Kelly	Without cause, by executive for good reason	517,673 <sup>(1)</sup>	1,304,531 <sup>(2)</sup>
	Death, disability	—	1,854,624 <sup>(2)</sup>
John Suydam	Without cause; by executive for good reason	—	—
	Death, disability	—	411,909 <sup>(2)</sup>
Joshua Harris	Cause	—	—
	Death, disability	—	—
Marc Rowan	Cause	—	—
	Death, disability	—	—

(1) This amount would have been payable to the named executive officer had his employment been terminated by the Company without cause (and other than by reason of death or disability) or for good reason on December 31, 2015.

(2) This amount represents the additional equity vesting that the named executive officer would have received had his employment terminated in the circumstances described in the column, "Reason for Employment Termination," on December 31, 2015, based on the closing price of a Class A share on such date. Please see our "Outstanding Equity Awards at Fiscal Year-End" table above for information regarding the named executive officer's unvested equity as of December 31, 2015

**Director Compensation**

We do not pay additional remuneration to our employees, including Messrs. Black, Harris and Rowan, for their service on our board of directors. The 2015 compensation of Messrs. Black, Harris and Rowan is set forth above on the Summary Compensation Table.

During 2015, each independent director received (1) a base annual director fee of \$125,000, (2) an additional annual director fee of \$25,000 if he or she a member of the audit committee, (3) an additional annual director fee of \$10,000 if he or she was a member of the conflicts committee, (4) an additional annual director fee of \$25,000 (incremental to the fee described in (2)) if he or she served as the chairperson of the audit committee, and (5) an additional annual director fee of \$15,000 (incremental to the fee described in (3)) if he or she served as the chairperson of the conflicts committee. In addition, independent directors were reimbursed for reasonable expenses incurred in attending board meetings.

Currently, upon initial election to the board of directors, an independent director receives a grant of RSUs with a value of \$300,000 that vests in equal annual installments on June 30 of each of the first, second and third years following the year that the grant is made. Mr. Kraft received this type of award on July 14, 2014 in connection with his appointment to the board of directors. Incumbent independent directors who have fully vested in their initial RSU award receive an annual RSU award with a

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value of \$100,000 that vests on June 30 of the year following the year that the grant is made, and the directors listed on the below table (other than Mr. Kraft) received that award on July 22, 2015.

The following table provides the compensation for our independent directors during the year ended December 31, 2015.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	Total (\$)
Michael Ducey	175,000	81,974	256,974
Paul Fribourg	135,000	81,974	216,974
Robert Kraft	135,000	—	135,000
A. B. Krongard	150,000	81,974	231,974
Pauline Richards	175,000	81,974	256,974

- (1) Represents the aggregate grant date fair value of stock awards granted, as applicable, computed in accordance with FASB ASC Topic 718. See note 14 to our consolidated financial statements for further information concerning the assumptions made in valuing our RSU awards. The amounts shown do not reflect compensation actually received by the independent directors, but instead represent the aggregate grant date fair value of the awards. Unvested director RSUs are not entitled to distributions or distribution equivalents. As of December 31, 2015, each of Ms. Richards and Messrs. Ducey, Fribourg and Krongard, held 4,514 RSUs that were unvested and outstanding, and Mr. Kraft held 7,240 RSUs that were unvested and outstanding.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth information regarding the beneficial ownership of our Class A shares as of February 22, 2016 by (i) each person known to us to beneficially own more than 5% of the voting Class A shares of Apollo Global Management, LLC, (ii) each of our directors, (iii) each person who is a named executive officer for 2015 and (iv) all directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. To our knowledge, each person named in the table below has sole voting and investment power with respect to all of the Class A shares and interests in our Class B share shown as beneficially owned by such person, except as otherwise set forth in the notes to the table and pursuant to applicable community property laws. Unless otherwise indicated, the address of each person named in the table is c/o Apollo Global Management, LLC, 9 West 57th Street, New York, NY 10019.

In respect of our Class A shares, the table set forth below assumes the exchange by Holdings of all AOG Units for our Class A shares with respect to which the person listed below has the right to direct such exchange pursuant to the exchange agreement described under “Item 13. Certain Relationships and Related Party Transactions—Exchange Agreement,” and the distribution of such shares to such person as a limited partner of Holdings.

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	Class A Shares Beneficially Owned			Class B Share Beneficially Owned		
	Number of Shares	Percent <sup>(1)</sup>	Total Percentage of Voting Power <sup>(2)</sup>	Number of Shares	Percent	Total Percentage of Voting Power <sup>(2)</sup>
<b>Directors and Executive Officers:</b>						
Leon Black <sup>(3)(4)</sup>	92,727,166	33.6%	60.9%	1	100%	60.9%
Joshua Harris <sup>(3)(4)</sup>	53,932,643	22.7%	60.9%	1	100%	60.9%
Marc Rowan <sup>(3)(4)</sup>	46,296,921	20.2%	61.1%	1	100%	60.9%
Pauline Richards	26,867	*	*	—	—	—
Alvin Bernard Krongard <sup>(5)</sup>	274,218	*	*	—	—	—
Michael Ducey <sup>(6)</sup>	32,232	*	*	—	—	—
Robert Kraft <sup>(7)</sup>	263,620	*	*	—	—	—
Paul Fribourg	29,063	*	*	—	—	—
Martin Kelly <sup>(8)</sup>	146,872	*	*	—	—	—
John Suydam <sup>(9)</sup>	1,019,972	*	*	—	—	—
All directors and executive officers as a group (ten persons) <sup>(10)</sup>	194,749,574	51.8%	54.9%	1	100%	60.9%
BRH <sup>(4)</sup>	—	—	—	1	100%	60.9%
AP Professional Holdings, L.P. <sup>(11)</sup>	216,169,856	54.1%	60.9%	—	—	—
<b>5% Stockholders:</b>						
UBS Group AG <sup>(12)</sup>	10,226,989	5.6%	2.9%	—	—	—

\*Represents less than 1%.

- (1) The percentage of beneficial ownership of our Class A shares is based on voting and non-voting Class A shares outstanding.
- (2) The total percentage of voting power is based on voting Class A shares and the Class B share.
- (3) The number of Class A shares presented are held by estate planning vehicles, for which this individual disclaims beneficial ownership except to the extent of his pecuniary interest therein. The number of Class A shares presented do not include any Class A shares owned by Holdings with respect to which this individual, as one of the three owners of all of the interests in BRH, the general partner of Holdings, or as a party to the Agreement Among Managing Partners described under “Item 13. Certain Relationships and Related Party Transactions—Agreement Among Managing Partners” or the Managing Partner Shareholders Agreement described under “Item 13. Certain Relationships and Related Party Transactions—Managing Partner Shareholders Agreement,” may be deemed to have shared voting or dispositive power. Each of these individuals disclaims any beneficial ownership of these shares, except to the extent of his pecuniary interest therein.
- (4) BRH, the holder of the Class B share, is one third owned by Mr. Black, one third owned by Mr. Harris and one third owned by Mr. Rowan. Pursuant to the Agreement Among Managing Partners, the Class B share is to be voted and disposed of by BRH based on the determination of at least two of the three Managing Partners; as such, they share voting and dispositive power with respect to the Class B share. As of February 22, 2016, Mr. Rowan beneficially owned an additional 565,519 Class A shares through an estate planning vehicle, for which voting and investment control are exercised by Mr. Rowan.
- (5) Includes 250,000 Class A shares held by a trust for the benefit of Mr. Krongard’s children, for which Mr. Krongard’s children are the trustees. Mr. Krongard disclaims beneficial ownership with respect to such shares, except to the extent of his pecuniary interest therein.
- (6) Includes 2,616 Class A shares held by two trusts for the benefit of Mr. Ducey’s grandchildren, for which Mr. Ducey and several of Mr. Ducey’s immediate family members are trustees and have shared investment power. Mr. Ducey disclaims beneficial ownership of the Class A shares held in the trusts, except to the extent of his pecuniary interest therein.
- (7) Includes 260,000 Class A shares held by two entities, which are under the sole control of Mr. Kraft, and may be deemed to be beneficially owned by Mr. Kraft.
- (8) Includes 15,625 RSUs covering Class A shares which will vest and with respect to which Mr. Kelly will have the right to acquire beneficial ownership within 60 days of February 22, 2016.
- (9) Includes 249,009 Class A shares held by a trust for the benefit of Mr. Suydam’s spouse and children, for which Mr. Suydam’s spouse is the trustee. Mr. Suydam disclaims beneficial ownership with respect to such shares, except to the extent of his pecuniary interest therein.
- (10) Refers to shares beneficially owned by the individuals who were directors and executive officers as of February 22, 2016.
- (11) Assumes that no Class A shares are distributed to the limited partners of Holdings. The general partner of Holdings, is BRH, which is one third owned by Mr. Black, one third owned by Mr. Harris and one third owned by Mr. Rowan. BRH is also the general partner of BRH Holdings, L.P., the limited partnership through which Messrs. Black, Harris and Rowan indirectly beneficially own (through estate planning vehicles) their limited partner interests in Holdings. These individuals disclaim any beneficial ownership of these Class A shares, except to the extent of their pecuniary interest therein.
- (12) Based on a Schedule 13G filed on February 9, 2016, by UBS Group AG. The address of UBS Group AG is Bahnhofstrasse 45, PO BOX CH-8021, Zurich, Switzerland.

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**Securities Authorized for Issuance under Equity Incentive Plans**

The following table sets forth information concerning the awards that may be issued under the Company's Omnibus Equity Incentive Plan as of December 31, 2015.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights <sup>(1)</sup>	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) <sup>(2)</sup>
	(a)	(b)	(c)
Equity Compensation Plans Approved by Security Holders	17,551,579	\$17.69	37,324,169
Equity Compensation Plans Not Approved by Security Holders	—	—	—
<b>Total</b>	<b>17,551,579</b>	<b>\$17.69</b>	<b>37,324,169</b>

- (1) Reflects the aggregate number of outstanding options and RSUs granted under the Company's 2007 Omnibus Equity Incentive Plan (the "Equity Plan") as of December 31, 2015.
- (2) The Class A shares reserved under the Equity Plan are increased on the first day of each fiscal year by (i) the amount (if any) by which (a) 15% of the number of outstanding Class A shares and AOG Units exchangeable for Class A shares on a fully converted and diluted basis on the last day of the immediately preceding fiscal year exceeds (b) the number of shares then reserved and available for issuance under the Equity Plan, or (ii) such lesser amount by which the administrator may decide to increase the number of Class A shares. The number of shares reserved under the Equity Plan is also subject to adjustment in the event of a share split, share dividend, or other change in our capitalization. Generally, employee shares that are forfeited, canceled, surrendered or exchanged from awards under the Equity Plan will be available for future awards. We have filed a registration statement and intend to file additional registration statements on Form S-8 under the Securities Act to register Class A shares under the Equity Plan (including pursuant to automatic annual increases). Any such Form S-8 registration statement will automatically become effective upon filing. Accordingly, Class A shares registered under such registration statement will be available for sale in the open market.



## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Agreement Among Managing Partners

Our Managing Partners have entered into the Agreement Among Managing Partners. The Managing Partners own Holdings in accordance with their respective sharing percentages, or “Sharing Percentages,” as set forth in the Agreement Among Managing Partners. For the purposes of the Agreement Among Managing Partners, “Pecuniary Interest” means, with respect to each Managing Partner, the number of AOG Units that would be distributable to him assuming that Holdings was liquidated and its assets distributed in accordance with its governing agreements.

Pursuant to the Agreement Among Managing Partners, each Managing Partner is vested in full in their respective AOG Units. We may not terminate a Managing Partner except for cause or by reason of disability.

The transfer by a Managing Partner of any portion of his Pecuniary Interest to a permitted transferee will in no way affect any of his obligations under the Agreement Among Managing Partners; provided, that all permitted transferees are required to sign a joinder to the Agreement Among Managing Partners.

The Managing Partners’ respective Pecuniary Interests in certain funds, or the “Heritage Funds,” within the Apollo Operating Group are not held in accordance with the Managing Partners’ respective Sharing Percentages. Instead, each Managing Partner’s Pecuniary Interest in such Heritage Funds is held in accordance with the historic ownership arrangements among the Managing Partners, and the Managing Partners continue to share the operating income in such Heritage Funds in accordance with their historic ownership arrangement with respect to such Heritage Funds.

The Agreement Among Managing Partners may be amended and the terms and conditions of the Agreement Among Managing Partners may be changed or modified upon the unanimous approval of the Managing Partners. We, our shareholders (other than the Strategic Investors, as set forth under “-Lenders Rights Agreement-Amendments to Managing Partner Transfer Restrictions”) and the Apollo Operating Group have no ability to enforce any provision of the Agreement Among Managing Partners or to prevent the Managing Partners from amending it.

### Managing Partner Shareholders Agreement

We have entered into the Managing Partner Shareholders Agreement with our Managing Partners. The Managing Partner Shareholders Agreement provides the Managing Partners with certain rights with respect to the approval of certain matters and the designation of nominees to serve on our board of directors, as well as registration rights for our securities that they own.

#### Board Representation

The Managing Partner Shareholders Agreement requires our board of directors, so long as the Apollo control condition is satisfied, to nominate individuals designated by our manager such that our manager will have a majority of the designees on our board.

#### Transfer Restrictions

The Managing Partner Shareholders Agreement provides that no Managing Partner may, nor shall any of such Managing his permitted transferees, directly or indirectly, voluntarily effect cumulative transfers of Pecuniary Interests (as defined in the Managing Partner Shareholders Agreement), representing more than: (i) 22.5% of his Pecuniary Interests at any time on or after the fourth anniversary and prior to the fifth anniversary of our IPO; (ii) 30% of his Pecuniary Interests at any time on or after the fifth anniversary and prior to the sixth anniversary of our IPO; and (iii) 100% of his Pecuniary Interests at any time on or after the sixth anniversary of our IPO, other than, in each case, with respect to transfers (a) from one Managing Partner to another Managing Partner, (b) to a permitted transferee of such Managing Partner, or (c) in connection with a sale by one or more of our Managing Partners in one or a related series of transactions resulting in the Managing Partners owning or controlling, directly or indirectly, less than 50.1% of the economic or voting interests in us or the Apollo Operating Group, or any other person exercising control over us or the Apollo Operating Group by contract, which would include a transfer of control of our manager.

The percentages referenced in the preceding paragraph will apply to the aggregate amount of Equity Interests held by each Managing Partner (and his permitted transferees) as of July 13, 2007. Following the sixth anniversary of the IPO, each Managing Partner and his permitted transferees may transfer all of the Pecuniary Interests of such Managing Partner to any person or entity in accordance with Rule 144, in a registered public offering or in a transaction exempt from the registration requirements of the Securities Act. The above transfer restrictions will lapse with respect to a Managing Partner if he dies or becomes disabled.

A “permitted transferee” means, with respect to each Managing Partner and his permitted transferees, (i) such Managing Partner’s spouse, (ii) a lineal descendant of such Managing Partner’s parents (or any such descendant’s spouse), (iii) a charitable

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institution controlled by such Managing Partner, (iv) a trustee of a trust (whether inter vivos or testamentary), the current beneficiaries and presumptive remaindermen of which are one or more of such Managing Partner and persons described in clauses (i) through (iii) above, (v) a corporation, limited liability company or partnership, of which all of the outstanding shares of capital stock or interests therein are owned by one or more of such Managing Partner and persons described in clauses (i) through (iv) above, (vi) an individual mandated under a qualified domestic relations order, (vii) a legal or personal representative of such Managing Partner in the event of his death or disability, (viii) any other Managing Partner with respect to transactions contemplated by the Managing Partner Shareholders Agreement, and (ix) any other Managing Partner who is then employed by Apollo or any of its affiliates or any permitted transferee of such Managing Partner in respect of any transaction not contemplated by the Managing Partner Shareholders Agreement, in each case that agrees in writing to be bound by these transfer restrictions.

Any waiver of the above transfer restrictions may only occur with our consent. As our Managing Partners control the management of our company, however, they have discretion to cause us to grant one or more such waivers. Accordingly, the above transfer restrictions might not be effective in preventing our Managing Partners from selling or transferring their Pecuniary Interests.

### ***Indemnity***

Carried interest income from our funds can be distributed to us on a current basis, but is subject to repayment by the subsidiaries of the Apollo Operating Group that act as general partners of the funds in the event that certain specified return thresholds are not ultimately achieved. The Managing Partners, Contributing Partners and certain other investment professionals have personally guaranteed, subject to certain limitations, the obligations of these subsidiaries in respect of this general partner obligation. Such guarantees are several and not joint and are limited to a particular Managing Partner's, Contributing Partner's or other investment professional's distributions. Pursuant to the Managing Partner Shareholders Agreement, we agreed to indemnify each of our Managing Partners and certain Contributing Partners against all amounts that they pay pursuant to any of these personal guarantees in favor of Fund IV, Fund V and Fund VI (including costs and expenses related to investigating the basis for or objecting to any claims made in respect of the guarantees) for all interests that our Managing Partners and Contributing Partners have contributed or sold to the Apollo Operating Group.

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

### ***Registration Rights***

Pursuant to the Managing Partner Shareholders Agreement, we have granted Holdings, an entity through which our Managing Partners and Contributing Partners own their AOG Units, and its permitted transferees the right, under certain circumstances and subject to certain restrictions, to require us to register under the Securities Act our Class A shares held or acquired by them. Under the Managing Partner Shareholders Agreement, the registration rights holders (i) have "demand" registration rights that require us to register under the Securities Act the Class A shares that they hold or acquire, (ii) may require us to make available registration statements permitting sales of Class A shares they hold or acquire in the market from time to time over an extended period and (iii) have the ability to exercise certain piggyback registration rights in connection with registered offerings requested by other registration rights holders or initiated by us. We have agreed to indemnify each registration rights holder and certain related parties against any losses or damages resulting from any untrue statement or omission of material fact in any registration statement or prospectus pursuant to which such holder sells our shares, unless such liability arose from the holder's misstatement or omission, and each registration rights holder has agreed to indemnify us against all losses caused by his misstatements or omissions. We have filed a shelf registration statement in connection with the rights described above.

### ***Roll-Up Agreements***

Pursuant to the Roll-Up Agreements, the Contributing Partners received interests in Holdings, which we refer to as AOG Units, in exchange for their contribution of assets to the Apollo Operating Group. The AOG Units received by our Contributing Partners and any units into which they have been exchanged are fully vested. AOG Units were subject to a lock-up until two years after our IPO. Thereafter, 7.5% of the AOG Units became, or will become, tradable on each of the second, third, fourth and fifth anniversaries of our IPO, with the remaining AOG Units becoming tradable on the sixth anniversary of our IPO or upon subsequent vesting. Our Contributing Partners have the ability to direct Holdings to exercise Holdings' registration rights described above under "-Managing Partner Shareholders Agreement-Registration Rights."

Under their Roll-Up Agreements, each of our Contributing Partners is subject to a noncompetition provision until the first anniversary of the date of termination of his service as a partner to us. During that period, our Contributing Partners are prohibited from (i) engaging in any business activity in which we operate, (ii) rendering any services to any alternative asset

management business (other than that of us or our affiliates) that involves primarily (i.e., more than 50%) third-party capital or (iii) acquiring a financial interest in, or becoming actively involved with, any competitive business (other than as a passive holding of a specified percentage of publicly traded companies). In addition, our Contributing Partners are subject to nonsolicitation, nonhire and noninterference covenants during employment and for at least 12 months thereafter. Our Contributing Partners are also bound to a nondisparagement covenant with respect to us and our Contributing Partners and to confidentiality restrictions. Resignation by any of our Contributing Partners shall require ninety days' notice. Any restricted period applicable to a Contributing Partner will commence after the ninety-day notice of termination period.

#### **Amended and Restated Exchange Agreement**

We have entered into an exchange agreement with Holdings under which, subject to certain procedures and restrictions (including any applicable transfer restrictions and lock-up agreements described above) upon 60 days' written notice prior to a designated quarterly date, each Managing Partner and Contributing Partner (or certain transferees thereof) has the right to cause Holdings to exchange the AOG Units that he owns through Holdings for our Class A shares and to sell such Class A shares at the prevailing market price (or at a lower price that such Managing Partner or Contributing Partner is willing to accept). To effect the exchange, Holdings distributes the AOG Units to be exchanged to the applicable Managing Partner or Contributing Partner. Under the exchange agreement, the Managing Partner or Contributing Partner must then simultaneously exchange one AOG Unit (being an equal limited partner interest in each Apollo Operating Group entity) for each Class A share received from our intermediate holding companies. As a Managing Partner or Contributing Partner exchanges his AOG Units, our interest in the AOG Units will be correspondingly increased and the voting power of the Class B share will be correspondingly decreased.

The exchange agreement was amended and restated on May 6, 2013 and further amended and restated on March 5, 2014. The amendments to the original exchange agreement (i) permit exchanging holders certain rights to revoke exchanges of their AOG Units in whole, but not in part, in certain circumstances; (ii) permit transfers of a holder's exchanged shares to a qualifying entity that can sell them under a Rule 10b5-1 trading plan; (iii) require the Company to use its commercially reasonable efforts to file and keep effective a shelf registration statement relating to the exchange of Class A shares received upon an exchange of AOG Units; (iv) modify the exchange mechanics to address certain tax considerations of an exchange for exchanging holders; and (v) require exchanging holders to reimburse APO Corp. for any incremental U.S. federal income tax incurred by APO Corp. as a result of the modification of the exchange mechanics.

#### **Amended and Restated Tax Receivable Agreement**

As a result of each of AMH Holdings (Cayman), L.P. and the Apollo Operating Group entities controlled by it or Apollo Management Holdings, L.P. having made an election under Section 754 of the Internal Revenue Code, any exchanges by a Managing Partner or Contributing Partner of AOG Units that he owns through Holdings (together with the corresponding interest in our Class B share) for our Class A shares in a taxable transaction may result in an adjustment to the tax basis of a portion of the assets owned by the Apollo Operating Group at the time of the exchange. The taxable exchanges may result in increases in the tax depreciation and amortization deductions from depreciable and amortizable assets, as well as an increase in the tax basis of other assets, of the Apollo Operating Group that otherwise would not have been available. A portion of these increases in tax depreciation and amortization deductions, as well as the increase in the tax basis of such other assets, will reduce the amount of tax that APO Corp. would otherwise be required to pay in the future. Additionally, our acquisition of AOG Units from the Managing Partners or Contributing Partners, such as our acquisition of AOG Units from the Managing Partners in the Strategic Investors Transaction, have resulted, and may continue to result, in increases in tax deductions and tax basis that reduces the amount of tax that APO Corp. would otherwise be required to pay in the future.

APO Corp. has entered into a tax receivable agreement with our Managing Partners and Contributing Partners that provides for the payment by APO Corp. to an exchanging or selling Managing Partner or Contributing Partner of 85% of the amount of actual cash savings, if any, in U.S. Federal, state, local and foreign income tax that APO Corp. realizes (or is deemed to realize in the case of an early termination payment by APO Corp. or a change of control, as discussed below) as a result of these increases in tax deductions and tax basis, and certain other tax benefits, including imputed interest expense, related to payments pursuant to the tax receivable agreement. APO Corp. expects to benefit from the remaining 15% of actual cash savings, if any, in income tax that it realizes. For purposes of the tax receivable agreement, cash savings in income tax will be computed by comparing our actual income tax liability to the amount of such taxes that APO Corp. would have been required to pay had there been no increase to the tax basis of the tangible and intangible assets of the applicable Apollo Operating Group entity as a result of the transaction and had APO Corp. not entered into the tax receivable agreement. The tax savings achieved may not ensure that we have sufficient cash available to pay our tax liability or generate additional distributions to our investors. Also, we may need to incur additional debt to repay the tax receivable agreement if our cash flow needs are not met. The term of the tax receivable agreement will continue until all such tax benefits have been utilized or expired, unless APO Corp. exercises the right to terminate the tax receivable agreement by paying an amount based on the present value of payments remaining to be made under the agreement with respect to units that have been exchanged or sold and units which have not yet been exchanged or sold. Such present value

will be determined based on certain assumptions, including that APO Corp. would have sufficient taxable income to fully utilize the deductions that would have arisen from the increased tax deductions and tax basis and other benefits related to the tax receivable agreement. In the event that other of our current or future U.S. subsidiaries become taxable as corporations and acquire AOG Units in the future, or if we become taxable as a corporation for U.S. Federal income tax purposes, each U.S. corporation will become subject to a tax receivable agreement with substantially similar terms. In connection with an amendment of the AMH partnership agreement in April 2010, the tax receivable agreement was revised to reflect the Managing Partners' agreement to defer 25% of required payments pursuant to the tax receivable agreement that were attributable to the 2010 fiscal year until 2015.

The IRS could challenge our claim to any increase in the tax basis of the assets owned by the Apollo Operating Group that results from the exchanges entered into by the Managing Partners or Contributing Partners. The IRS could also challenge any additional tax depreciation and amortization deductions or other tax benefits we claim as a result of such increase in the tax basis of such assets. If the IRS were to successfully challenge a tax basis increase or tax benefits we previously claimed from a tax basis increase, our Managing Partners and Contributing Partners would not be obligated under the tax receivable agreement to reimburse APO Corp. for any payments previously made to it (although future payments would be adjusted to reflect the result of such challenge). As a result, in certain circumstances, payments could be made to our Managing Partners and Contributing Partners under the tax receivable agreement in excess of 85% of APO Corp.'s actual cash tax savings. In general, estimating the amount of payments that may be made to our Managing Partners and Contributing Partners under the tax receivable agreement is by its nature, imprecise, in the absence of an actual transaction, insofar as the calculation of amounts payable depends on a variety of factors. The actual increase in tax basis and the amount and timing of any payments under the tax receivable agreement will vary depending upon a number of factors, including:

- the timing of the transactions—for instance, the increase in any tax deductions will vary depending on the fair market value, which may fluctuate over time, of the depreciable or amortizable assets of the Apollo Operating Group entities at the time of the transaction;
- the price of our Class A shares at the time of the transaction—the increase in any tax deductions, as well as tax basis increase in other assets, of the Apollo Operating Group entities, is directly proportional to the price of the Class A shares at the time of the transaction;
- the taxability of exchanges—to the extent an exchange is not taxable for any reason, increased deductions will not be available; and
- the amount and timing of our income—APO Corp. will be required to pay 85% of the tax savings as and when realized, if any. If APO Corp. does not have taxable income, it is not required to make payments under the tax receivable agreement for that taxable year because no tax savings were actually realized.

In addition, the tax receivable agreement provides that, upon a merger, asset sale or other form of business combination or certain other changes of control, APO Corp.'s (or its successor's) obligations with respect to exchanged or acquired units (whether exchanged or acquired before or after such change of control) would be based on certain assumptions, including that APO Corp. would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the tax receivable agreement. As noted above, no payments will be made if a Managing Partner or Contributing Partner elects to exchange his or her AOG Units in a tax-free transaction.

In connection with the first amendment and restatement of the exchange agreement, the tax receivable agreement was amended and restated on May 6, 2013 to conform the agreement to the amended and restated exchange agreement, particularly to address the modified exchange mechanics, and to make non-substantive updates to recognize certain additional Apollo Operating Group entities that have been formed since the original tax receivable agreement was entered into in 2007.

#### **Strategic Relationship Agreement**

On April 20, 2010, we announced a new strategic relationship agreement with CalPERS, whereby we agreed to reduce management fees and other fees charged to CalPERS on funds we manage, or in the future will manage, solely for CalPERS by \$125 million over a five-year period or as close a period as required to provide CalPERS with that benefit. The agreement further provides that we will not use a placement agent in connection with securing any future capital commitments from CalPERS. Through December 31, 2015, the Company had reduced fees charged to CalPERS on the funds it manages by approximately \$100.7 million.

#### **Strategic Investors Transaction**

On July 13, 2007, we sold securities to the Strategic Investors in return for a total investment of \$1.2 billion. Through our intermediate holding companies, we used all of the proceeds from the issuance of such securities to the Strategic Investors to

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purchase AOG Units from our Managing Partners, and to purchase from our Contributing Partners a portion of their points. The Strategic Investors hold non-voting Class A shares, which represented 24.9% of our issued and outstanding Class A shares and 11.3% of the economic interest in the Apollo Operating Group, in each case as of December 31, 2015.

As all of their holdings in us are non-voting, neither of the Strategic Investors has any means for exerting control over our company.

**Lenders Rights Agreement**

In connection with the Strategic Investors Transaction, we entered into a shareholders agreement, or the “Lenders Rights Agreement,” with the Strategic Investors.

***Transfer Restrictions***

Each Strategic Investor may transfer (i) up to 75% of its non-voting Class A shares at any time after the fourth anniversary and prior to the fifth anniversary of our IPO and (ii) 100% of its non-voting Class A shares at any time after the fifth anniversary of our IPO.

Notwithstanding the foregoing, at no time following the registration effectiveness date may a Strategic Investor make a transfer representing 2% or more of our total Class A shares to any one person or group of related persons.

***Registration Rights***

Pursuant to the Lenders Rights Agreement, each Strategic Investor is afforded four demand registrations with respect to its non-voting Class A shares, covering offerings of at least 2.5% of our total equity ownership and customary piggyback registration rights. All cutbacks between the Strategic Investors and Holdings (or its partners) in any such demand registration shall be pro rata based upon the number of shares available for sale at such time (regardless of which party exercises a demand).

***Amendments to Managing Partner Transfer Restrictions***

Each Strategic Investor has a consent right with respect to any amendment or waiver of any transfer restrictions that apply to our Managing Partners.

**Apollo Operating Group Limited Partnership Agreements**

Pursuant to the partnership agreements of the Apollo Operating Group partnerships, the indirect wholly-owned subsidiaries of Apollo Global Management, LLC that are the general partners of those partnerships have the right to determine when distributions will be made to the partners of the Apollo Operating Group and the amount of any such distributions. If a distribution is authorized, such distribution will be made to the partners of the Apollo Operating Group pro rata in accordance with their respective partnership interests.

The partnership agreements of the Apollo Operating Group partnerships also provide that substantially all of our expenses, including substantially all expenses solely incurred by or attributable to Apollo Global Management, LLC, will be borne by the Apollo Operating Group; provided that obligations incurred under the tax receivable agreement by Apollo Global Management, LLC and its wholly-owned subsidiaries, income tax expenses of Apollo Global Management, LLC and its wholly-owned subsidiaries and indebtedness incurred by Apollo Global Management, LLC and its wholly-owned subsidiaries shall be borne solely by Apollo Global Management, LLC and its wholly-owned subsidiaries.

**Employment Arrangements**

Please see the section entitled “Item 11. Executive Compensation-Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Table” and “-Potential Payments upon Termination or Change in Control” for a description of the employment agreements of our named executive officers who have employment agreements.

In addition, Joshua Black and Benjamin Black, sons of Leon Black, are each employed by the Company as a Principal and an Associate, respectively, in the Company’s private equity business. They are each entitled to receive a base salary, incentive compensation and employee benefits comparable to those offered to similarly situated employees of the Company. Each is also eligible to receive an annual performance-based bonus in an amount determined by the Company in its discretion.

**Reimbursements**

In the normal course of business, our personnel have made use of aircraft owned as personal assets by Messrs. Black, Rowan and Harris. Messrs. Black, Rowan and Harris paid for their purchases of the aircraft and bear all operating, personnel and

maintenance costs associated with their operation for personal use. Payment by us for the business use of these aircraft by Messrs. Black, Rowan and Harris and other of our personnel totaled \$947,963, \$1,770,837 and \$988,154 for 2015 to Messrs. Black, Rowan and Harris, respectively (which amounts are determined based on the lower of the actual costs of operating the aircraft or a specified hourly market rate).

#### **Investments In Apollo Funds**

Our directors and executive officers are generally permitted to invest their own capital (or capital of estate planning vehicles that they control) directly in our funds and affiliated entities. In general, such investments are not subject to management fees, and in certain instances, may not be subject to carried interest. The opportunity to invest in our funds in the same manner is available to all of the senior Apollo professionals and to those of our employees whom we have determined to have a status that reasonably permits us to offer them these types of investments in compliance with applicable laws. From our inception through December 31, 2015, our professionals have committed or invested approximately \$1.2 billion of their own capital to our funds.

The amount invested in our investment funds by our directors and executive officers (and their estate planning vehicles) during 2015 was \$14,938,433, \$15,905,028, \$7,807,205, \$2,530,157 and \$262,832 for Messrs. Black, Harris, Rowan, Suydam, and Kelly, respectively. The amount of distributions, including profits and return of capital to our directors and executive officers (and their estate planning vehicles) during 2015 was \$17,850,541, \$15,515,746, \$7,715,598, \$2,516,110 and \$7,718 for Messrs. Black, Harris, Rowan, Suydam, and Kelly, respectively.

#### **Sub-Advisory Arrangements and Strategic Investment Accounts**

From time to time, we have entered into sub-advisory arrangements with, or established strategic investment accounts for, certain of our directors and executive officers or vehicles they manage. Such arrangements have been approved in advance in accordance with our policy regarding transactions with related persons. In addition, such sub-advisory arrangements or strategic investment accounts have been entered into with, or advised by, an Apollo entity serving as investment advisor registered under the Investment Advisers Act, and any fee arrangements, if applicable, have been on an arms-length basis. The amount of such fees paid by our directors and executive officers or vehicles they manage to the Company during 2015 was \$162,291 for Mr. Rowan.

#### **Indemnification of Directors, Officers and Others**

Under our operating agreement, in most circumstances we will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts: our manager; any departing manager; any person who is or was an affiliate of our manager or any departing manager; any person who is or was a member, partner, tax matters partner, officer, director, employee, agent, fiduciary or trustee of us or our subsidiaries, our manager or any departing manager or any affiliate of us or our subsidiaries, our manager or any departing manager; any person who is or was serving at the request of our manager or any departing manager or any affiliate of our manager or any departing manager as an officer, director, employee, member, partner, agent, fiduciary or trustee of another person; or any person designated by our manager. We have agreed to provide this indemnification unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that these persons acted in bad faith or engaged in fraud or willful misconduct. We have also agreed to provide this indemnification for criminal proceedings. Any indemnification under these provisions will only be out of our assets. We may purchase insurance against liabilities asserted against and expenses incurred by persons for our activities, regardless of whether we would have the power to indemnify the person against liabilities under our operating agreement.

We have entered into indemnification agreements with each of our directors, executive officers and certain of our employees which set forth the obligations described above.

We have also agreed to indemnify each of our Managing Partners and certain Contributing Partners against certain amounts that they are required to pay in connection with a general partner obligation for the return of previously made carried interest distributions in respect of Fund IV, Fund V and Fund VI. See the above description of the indemnity provisions of the Managing Partner Shareholders Agreement.

#### **Statement of Policy Regarding Transactions with Related Persons**

Our board of directors has adopted a written statement of policy regarding transactions with related persons, which we refer to as our "related person policy." Our related person policy requires that a "related person" (as defined in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to our Chief Legal Officer any "related person transaction" (defined as any transaction that is reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds \$120,000 and in which any related person had or will have a direct or indirect material interest) and all

material facts with respect thereto. Our Chief Legal Officer will then promptly communicate that information to our manager. No related person transaction will be consummated without the approval or ratification of the executive committee of our manager or any committee of our board of directors consisting exclusively of disinterested directors. It is our policy that persons interested in a related person transaction will recuse themselves from any vote of a related person transaction in which they have an interest.

#### **Director Independence**

Because more than fifty percent of our voting power is controlled by BRH, we are considered a “controlled company” as defined in the listing standards of the NYSE and we are exempt from the NYSE rules that require that:

- our board of directors be comprised of a majority of independent directors;
- we establish a compensation committee composed solely of independent directors; and
- we establish a nominating and corporate governance committee composed solely of independent directors.

While our board of directors is currently comprised of a majority of independent directors, we plan on availing ourselves of the controlled company exceptions. We have elected not to have a nominating and corporate governance committee comprised entirely of independent directors, nor a compensation committee comprised entirely of independent directors. Our board of directors has determined that five of our eight directors meet the independence standards under the NYSE and the SEC. These directors are Messrs. Ducey, Fribourg, Krongard and Kraft and Ms. Richards.

At such time that we are no longer deemed a controlled company, our board of directors will take all action necessary to comply with all applicable rules within the applicable time period under the NYSE listing standards.



**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The following table summarizes the aggregate fees for professional services provided by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, the "Deloitte Entities") for the years ended December 31, 2015 and 2014:

	Year Ended December 31,	
	2015	2014
	(in thousands)	
Audit fees	\$ 10,185 <sup>(1)</sup>	\$ 12,810 <sup>(1)</sup>
Audit fees for Apollo fund entities	20,389 <sup>(2)</sup>	20,413 <sup>(2)</sup>
Audit-related fees	6,138 <sup>(3)(4)</sup>	7,360 <sup>(3)(4)</sup>
Tax fees	2,188 <sup>(5)</sup>	3,275 <sup>(5)</sup>
Tax fees for Apollo fund entities	19,150 <sup>(2)</sup>	16,857 <sup>(2)</sup>

- (1) Audit fees consisted of fees for (a) the audits of our consolidated financial statements in our Annual Report on Form 10-K and services attendant to, or required by, statute or regulation; (b) reviews of the interim condensed consolidated financial statements included in our quarterly reports on Form 10-Q.
- (2) Audit and Tax fees for Apollo fund entities consisted of services to investment funds managed by Apollo in its capacity as the general partner and/or manager of such entities.
- (3) Audit-related fees consisted of comfort letters, consents and other services related to SEC and other regulatory filings.
- (4) Includes audit-related fees for Apollo fund entities of \$0.9 million and \$0.3 million for the years ended December 31, 2015 and 2014, respectively.
- (5) Tax fees consisted of fees for services rendered for tax compliance and tax planning and advisory services.

Our audit committee charter requires the audit committee of our board of directors to approve in advance all audit and non-audit related services to be provided by our independent registered public accounting firm. All services reported in the Audit, Audit-related, Tax and Other categories above were approved by the committee.



**PART IV**

**ITEM 15. EXHIBITS**

<b>Exhibit Number</b>	<b>Exhibit Description</b>
2.1	Transaction Agreement, dated as of August 6, 2015, by and among AMH Holdings (Cayman), L.P., AR Capital, LLC and AR Global, LLC. (incorporated by reference to Exhibit 2.1 to the Registrant's Form 10-Q for the period ended September 30, 2015 (File No. 001-35107)).
2.2	Termination Agreement and Release, dated as of November 8, 2015, by and among AMH Holdings (Cayman), L.P., Apollo Management Holdings, L.P., Apollo Principal Holdings I, L.P., AR Capital, LLC, AR Global Investments, LLC, Nicholas S. Schorsch, Peter M. Budko, William M. Kahane, Edward M. Weil, Jr. and Brian S. Block. (incorporated by reference to Exhibit 2.2 to the Registrant's Form 10-Q for the period ended September 30, 2015 (File No. 001-35107)).
2.3	Membership Interest Purchase Agreement, dated as of August 6, 2015, by and among Apollo Management Holdings, L.P., RCS Capital Corporation and RCS Capital Holdings, LLC. (incorporated by reference to Exhibit 2.3 to the Registrant's Form 10-Q for the period ended September 30, 2015 (File No. 001-35107)).
2.4	First Amendment to the Membership Interest Purchase Agreement, dated as of August 19, 2015, by and among Apollo Management Holdings, L.P., RCS Capital Corporation and RCS Capital Holdings, LLC. (incorporated by reference to Exhibit 2.4 to the Registrant's Form 10-Q for the period ended September 30, 2015 (File No. 001-35107)).
2.5	Amended and Restated Membership Interest Purchase Agreement, dated as of November 8, 2015, by and among RCS Capital Corporation, RCS Capital Holdings, LLC and Apollo Management Holdings, L.P. (incorporated by reference to Exhibit 2.5 to the Registrant's Form 10-Q for the period ended September 30, 2015 (File No. 001-35107)).
3.1	Certificate of Formation of Apollo Global Management, LLC (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
3.2	Amended and Restated Limited Liability Company Agreement of Apollo Global Management, LLC (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
4.1	Specimen Certificate evidencing the Registrant's Class A shares (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
4.2	Indenture dated as of May 30, 2014, among Apollo Management Holdings, L.P., the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed with the Securities and Exchange Commission on May 30, 2014 (File No. 001-35107)).
4.3	First Supplemental Indenture dated as of May 30, 2014, among Apollo Management Holdings, L.P., the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K filed with the Securities and Exchange Commission on May 30, 2014 (File No. 001-35107)).
4.4	Form of 4.000% Senior Note due 2024 (included in Exhibit 4.2 to the Registrant's Form 8-K filed with the Securities and Exchange Commission on May 30, 2014 (File No. 001-35107), which is incorporated by reference).

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<b>Exhibit Number</b>	<b>Exhibit Description</b>
4.5	Second Supplemental Indenture dated as of January 30, 2015, among Apollo Management Holdings, L.P., the Guarantors party thereto, Apollo Principal Holdings X, L.P. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.5 to the Registrant's Form 10-K for the period ended December 31, 2014 (File No. 001-35107)).
4.6	Registration Rights Agreement, dated as of August 19, 2015, by and among RCS Capital Corporation and Apollo Principal Holdings I, L.P. (incorporated by reference to Exhibit 4.6 to the Registrant's Form 10-Q for the period ended September 30, 2015 (File No. 001-35107)).
10.1	Amended and Restated Limited Liability Company Operating Agreement of AGM Management, LLC dated as of July 10, 2007 (incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.2	Third Amended and Restated Limited Partnership Agreement of Apollo Principal Holdings I, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.3	Third Amended and Restated Limited Partnership Agreement of Apollo Principal Holdings II, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.4	Third Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings III, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.5	Third Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings IV, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
+10.6	Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.7	Agreement Among Principals, dated as of July 13, 2007, by and among Leon D. Black, Marc J. Rowan, Joshua J. Harris, Black Family Partners, L.P., MJR Foundation LLC, AP Professional Holdings, L.P. and BRH Holdings, L.P. (incorporated by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.8	Shareholders Agreement, dated as of July 13, 2007, by and among Apollo Global Management, LLC, AP Professional Holdings, L.P., BRH Holdings, L.P., Black Family Partners, L.P., MJR Foundation LLC, Leon D. Black, Marc J. Rowan and Joshua J. Harris (incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.9	Second Amended and Restated Exchange Agreement, dated as of March 5, 2014, by and among Apollo Global Management, LLC, Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings III, L.P., Apollo Principal Holdings IV, L.P., Apollo Principal Holdings V, L.P., Apollo Principal Holdings VI, L.P., Apollo Principal Holdings VII, L.P., Apollo Principal Holdings VIII, L.P., Apollo Principal Holdings IX, L.P., AMH Holdings (Cayman), L.P. and the Apollo Principal Holders (as defined therein) from time to time party thereto (incorporated by reference to Exhibit 10.11 to the Registrant's Form 10-Q for the period ended March 31, 2014 (File No. 001-35107)).

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<b>Exhibit Number</b>	<b>Exhibit Description</b>
10.10	Amended and Restated Tax Receivable Agreement, dated as of May 6, 2013, by and among APO Corp., Apollo Principal Holdings II, L.P., Apollo Principal Holdings IV, L.P., Apollo Principal Holdings VI, Apollo Principal Holdings VIII, L.P., AMH Holdings (Cayman), L.P. and each Holder defined therein (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed with the Securities and Exchange Commission on May 7, 2013 (File No. 001-35107)).
+10.11	Employment Agreement with Leon D. Black (incorporated by reference to Exhibit 10.43 to the Registrant's Form 10-Q for the period ended June 30, 2012 (File No. 001-35107)).
+10.12	Employment Agreement with Marc J. Rowan (incorporated by reference to Exhibit 10.44 to the Registrant's Form 10-Q for the period ended June 30, 2012 (File No. 001-35107)).
+10.13	Employment Agreement with Joshua J. Harris (incorporated by reference to Exhibit 10.45 to the Registrant's Form 10-Q for the period ended June 30, 2012 (File No. 001-35107)).
10.14	Second Amended and Restated Limited Partnership Agreement of Apollo Principal Holdings V, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.20 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.15	Second Amended and Restated Limited Partnership Agreement of Apollo Principal Holdings VI, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.21 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.16	Second Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings VII, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.22 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.17	Second Amended and Restated Limited Partnership Agreement of Apollo Principal Holdings VIII, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.23 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.18	Second Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings IX, L.P. dated as of April 14, 2010 (incorporated by reference to Exhibit 10.24 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.19	Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings X, L.P. dated as of April 8, 2015 (incorporated by reference to Exhibit 10.19 to the Registrant's Form 10-Q for the period ended March 31, 2015 (File No. 001-35107)).
10.20	Fourth Amended and Restated Limited Partnership Agreement of Apollo Management Holdings, L.P. dated as of October 30, 2012 (incorporated by reference to Exhibit 10.25 to the Registrant's Form 10-Q for the period ended March 31, 2013 (File No. 001-35107)).
10.21	Settlement Agreement, dated December 14, 2008, by and among Huntsman Corporation, Jon M. Huntsman, Peter R. Huntsman, Hexion Specialty Chemicals, Inc., Hexion LLC, Nimbus Merger Sub, Inc., Craig O. Morrison, Leon Black, Joshua J. Harris and Apollo Global Management, LLC and certain of its affiliates (incorporated by reference to Exhibit 10.26 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).

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<b>Exhibit Number</b>	<b>Exhibit Description</b>
10.22	First Amendment and Joinder, dated as of August 18, 2009, to the Shareholders Agreement, dated as of July 13, 2007, by and among Apollo Global Management, LLC, AP Professional Holdings, L.P., BRH Holdings, L.P., Black Family Partners, L.P., MJR Foundation LLC, Leon D. Black, Marc J. Rowan and Joshua J. Harris (incorporated by reference to Exhibit 10.27 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.23	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.28 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
+10.24	Form of Restricted Share Unit Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (for Plan Grants) (incorporated by reference to Exhibit 10.31 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
+10.25	Form of Restricted Share Unit Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (for Bonus Grants) (incorporated by reference to Exhibit 10.32 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
+10.26	Form of Restricted Share Unit Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (for new independent directors) (incorporated by reference to Exhibit 10.31 to the Registrant's Form 10-Q for the period ended June 30, 2014 (File No. 001-35107)).
+10.27	Form of Restricted Share Unit Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (for continuing independent directors) (incorporated by reference to Exhibit 10.32 to the Registrant's Form 10-Q for the period ended June 30, 2014 (File No. 001-35107)).
+10.28	Form of Restricted Share Award Grant Notice and Restricted Share Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (incorporated by reference to Exhibit 10.33 to the Registrant's Form 10-Q for the period ended June 30, 2014 (File No. 001-35107)).
+10.29	Form of Share Award Grant Notice and Share Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (for Retired Partners) (incorporated by reference to Exhibit 10.34 to the Registrant's Form 10-Q for the period ended June 30, 2014 (File No. 001-35107)).
+10.30	Apollo Management Companies AAA Unit Plan (incorporated by reference to Exhibit 10.34 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
+10.31	Non-Qualified Share Option Agreement pursuant to the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan with Marc Spilker dated December 2, 2010 (incorporated by reference to Exhibit 10.40 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).
10.32	Amended Form of Independent Director Engagement Letter (incorporated by reference to Exhibit 10.38 to the Registrant's Form 10-Q for the period ended March 31, 2014 (File No. 001-35107)).
+10.33	Employment Agreement with Martin Kelly, dated July 2, 2012 (incorporated by reference to Exhibit 10.42 to the Registrant's Form 10-Q for the period ended June 30, 2012 (File No. 001-35107)).

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<b>Exhibit Number</b>	<b>Exhibit Description</b>
10.34	Second Amended and Restated Exempted Limited Partnership Agreement of AMH Holdings (Cayman), L.P., dated November 30, 2012 (incorporated by reference to Exhibit 10.38 to the Registrant's Form 10-Q for the period ended June 30, 2015 (File No. 001-35107)).
+10.35	Amended and Restated Limited Partnership Agreement of Apollo Advisors VI, L.P., dated as of April 14, 2005 and amended as of August 26, 2005 (incorporated by reference to Exhibit 10.41 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).
+10.36	Third Amended and Restated Limited Partnership Agreement of Apollo Advisors VII, L.P. dated as of July 1, 2008 and effective as of August 30, 2007 (incorporated by reference to Exhibit 10.42 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).
+10.37	Third Amended and Restated Limited Partnership Agreement of Apollo Credit Opportunity Advisors I, L.P., dated January 12, 2011 and made effective as of July 14, 2009 (incorporated by reference to Exhibit 10.43 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).
+10.38	Third Amended and Restated Limited Partnership Agreement of Apollo Credit Opportunity Advisors II, L.P., dated January 12, 2011 and made effective as of July 14, 2009 (incorporated by reference to Exhibit 10.44 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).
+10.39	Third Amended and Restated Limited Partnership Agreement of Apollo Credit Liquidity Advisors, L.P., dated January 12, 2011 and made effective as of July 14, 2009 (incorporated by reference to Exhibit 10.45 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).
+10.40	Second Amended and Restated Limited Partnership Agreement of Apollo Credit Liquidity CM Executive Carry, L.P., dated January 12, 2011 and made effective as of July 14, 2009 (incorporated by reference to Exhibit 10.46 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).
+10.41	Second Amended and Restated Limited Partnership Agreement Apollo Credit Opportunity CM Executive Carry I, L.P. dated January 12, 2011 and made effective as of July 14, 2009 (incorporated by reference to Exhibit 10.47 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).
+10.42	Second Amended and Restated Limited Partnership Agreement of Apollo Credit Opportunity CM Executive Carry II, L.P. dated January 12, 2011 and made effective as of July 14, 2009 (incorporated by reference to Exhibit 10.48 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).
+10.43	Second Amended and Restated Exempted Limited Partnership Agreement of AGM Incentive Pool, L.P., dated June 29, 2012 (incorporated by reference to Exhibit 10.49 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).
10.44	Credit Agreement, dated as of December 18, 2013, by and among Apollo Management Holdings, L.P., as the Term Facility Borrower and a Revolving Facility Borrower, the other Revolving Facility Borrowers party thereto, the other guarantors party thereto from time to time, the lenders party thereto from time to time, the issuing banks party thereto from time to time and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.50 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).

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<b>Exhibit Number</b>	<b>Exhibit Description</b>
10.45	Guarantor Joinder Agreement, dated as of January 30, 2015, by Apollo Principal Holdings X, L.P. to the Credit Agreement, dated as of December 18, 2013, by and among Apollo Management Holdings, L.P., as the Term Facility Borrower and a Revolving Facility Borrower, the other Revolving Facility Borrowers party thereto, the existing guarantors party thereto, the lenders party thereto from time to time, the issuing banks party thereto from time to time and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.49 to the Registrant's Form 10-Q for the period ended March 31, 2015 (File No. 001-35107)).
+10.46	Form of Letter Agreement under the Amended and Restated Limited Partnership Agreement of Apollo Advisors VIII, L.P. effective as of January 1, 2014 (incorporated by reference to Exhibit 10.56 to the Registrant's Form 10-Q for the period ended June 30, 2014 (File No. 001-35107)).
+10.47	Form of Award Letter under the Amended and Restated Limited Partnership Agreement of Apollo Advisors VIII, L.P. effective as of January 1, 2014 (incorporated by reference to Exhibit 10.57 to the Registrant's Form 10-Q for the period ended June 30, 2014 (File No. 001-35107)).
+10.48	Amended and Restated Limited Partnership Agreement of Apollo EPF Advisors, L.P., dated as of February 3, 2011 (incorporated by reference to Exhibit 10.52 to the Registrant's Form 10-K for the period ended December 31, 2014 (File No. 001-35107)).
+10.49	First Amended and Restated Exempted Limited Partnership Agreement of Apollo EPF Advisors II, L.P. dated as of April 9, 2012 (incorporated by reference to Exhibit 10.53 to the Registrant's Form 10-K for the period ended December 31, 2014 (File No. 001-35107)).
+10.50	Amended and Restated Agreement of Exempted Limited Partnership of Apollo CIP Partner Pool, L.P., dated as of December 18, 2014 (incorporated by reference to Exhibit 10.54 to the Registrant's Form 10-K for the period ended December 31, 2014 (File No. 001-35107)).
+10.51	Form of Award Letter under the Amended and Restated Agreement of Exempted Limited Partnership Agreement of Apollo CIP Partner Pool, L.P. (incorporated by reference to Exhibit 10.55 to the Registrant's Form 10-K for the period ended December 31, 2014 (File No. 001-35107)).
+10.52	Second Amended and Restated Agreement of Limited Partnership of Apollo Credit Opportunity Advisors III (APO FC), L.P., dated as of December 18, 2014 (incorporated by reference to Exhibit 10.56 to the Registrant's Form 10-K for the period ended December 31, 2014 (File No. 001-35107)).
+10.53	Form of Award Letter under Second Amended and Restated Agreement of Limited Partnership of Apollo Credit Opportunity Advisors III (APO FC), L.P. (incorporated by reference to Exhibit 10.57 to the Registrant's Form 10-K for the period ended December 31, 2014 (File No. 001-35107)).
10.54	Guaranty and Support Agreement, dated as of August 6, 2015, by and among AMH Holdings (Cayman), L.P., Nicholas S. Schorsch, Peter M. Budko, William M. Kahane, Edward M. Weil, Jr. and Brian S. Block. (incorporated by reference to Exhibit 10.59 to the Registrant's Form 10-Q for the period ended September 30, 2015 (File No. 001-35107)).
10.55	Investment Agreement, dated as of August 6, 2015, by and between Apollo Management Holdings, L.P. and RCS Capital Corporation. (incorporated by reference to Exhibit 10.60 to the Registrant's Form 10-Q for the period ended September 30, 2015 (File No. 001-35107)).

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<b>Exhibit Number</b>	<b>Exhibit Description</b>
*21.1	Subsidiaries of Apollo Global Management, LLC
*23.1	Consent of Deloitte & Touche LLP.
*31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).
*31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).
*32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
*32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Scheme Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

\* Filed herewith.

+ Management contract or compensatory plan or arrangement.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Apollo Global Management, LLC

(Registrant)

Date: February 29, 2016

By: /s/ Martin Kelly

Name: Martin Kelly

Title: Chief Financial Officer  
(principal financial officer and  
authorized signatory)



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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<b>Name</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Leon Black</u> Leon Black	Chairman and Chief Executive Officer and Director (principal executive officer)	February 29, 2016
<u>/s/ Martin Kelly</u> Martin Kelly	Chief Financial Officer (principal financial officer)	February 29, 2016
<u>/s/ Chris Weidler</u> Chris Weidler	Chief Accounting Officer (principal accounting officer)	February 29, 2016
<u>/s/ Joshua Harris</u> Joshua Harris	Senior Managing Director and Director	February 29, 2016
<u>/s/ Marc Rowan</u> Marc Rowan	Senior Managing Director and Director	February 29, 2016
<u>/s/ Michael Ducey</u> Michael Ducey	Director	February 29, 2016
<u>/s/ Paul Fribourg</u> Paul Fribourg	Director	February 29, 2016
<u>/s/ Robert Kraft</u> Robert Kraft	Director	February 29, 2016
<u>/s/ AB Krongard</u> AB Krongard	Director	February 29, 2016
<u>/s/ Pauline Richards</u> Pauline Richards	Director	February 29, 2016

## LIST OF SUBSIDIARIES

Entity Name	Jurisdiction of Organization
2012 CMBS-I GP LLC	Delaware
2012 CMBS-I Management LLC	Delaware
2012 CMBS-II GP LLC	Delaware
2012 CMBS-II Management LLC	Delaware
2012 CMBS-III GP LLC	Delaware
2012 CMBS-III Management LLC	Delaware
A/A Capital Management, LLC	Delaware
A/A Investor I, LLC	Delaware
A-A Mortgage Opportunities Corp.	Delaware
AAA Associates (Co-Invest VII GP), Ltd.	Cayman Islands
AAA Associates (Co-Invest VII), L.P.	Cayman Islands
AAA Associates, L.P.	Guernsey
AAA Guernsey Limited	Guernsey
AAA Holdings GP Limited	Guernsey
AAA Holdings, L.P.	Guernsey
AAA Life Re Carry, L.P.	Cayman Islands
AAA MIP Limited	Guernsey
AAM GP Ltd.	Cayman Islands
AAME UK CM, LLC	Anguilla
ACC Advisors A/B, LLC	Delaware
ACC Advisors C, LLC	Delaware
ACC Advisors D, LLC	Delaware
ACC Management, LLC	Delaware
ACREFI Management, LLC	Delaware
AEM GP, LLC	Delaware
AES Advisors II GP, LLC	Delaware
AES Advisors II, L.P.	Cayman Islands
AES Co-Investors II, LLC	Delaware
AGM Incentive Pool, L.P.	Cayman Islands
AGM India Advisors Private Limited	India
AGM Marketing Pool, L.P.	Cayman Islands
AGRE - CRE Debt Manager, LLC	Delaware
AGRE - DCB, LLC	Delaware
AGRE - E Legacy Management, LLC	Delaware
AGRE - E2 Legacy Management, LLC	Delaware
AGRE Asia Pacific Legacy Management, LLC	Delaware
AGRE Asia Pacific Management, LLC	Delaware
AGRE Asia Pacific Real Estate Advisors GP, Ltd	Cayman Islands
AGRE Asia Pacific Real Estate Advisors, L.P.	Cayman Islands
AGRE CMBS GP II LLC	Delaware
AGRE CMBS GP LLC	Delaware
AGRE CMBS Management II LLC	Delaware
AGRE CMBS Management LLC	Delaware
AGRE Debt Fund I GP, Ltd.	Cayman Islands
AGRE Europe Co-Invest Advisors GP, LLC	Marshall Islands
AGRE Europe Co-Invest Advisors, L.P.	Marshall Islands
AGRE Europe Co-Invest Management GP, LLC	Marshall Islands
AGRE Europe Co-Invest Management, L.P.	Marshall Islands
AGRE Europe Legacy Management, LLC	Delaware
AGRE Europe Management, LLC	Delaware

AGRE GP Holdings, LLC	Delaware
AGRE Hong Kong Management, LLC	Delaware
AGRE NA Legacy Management, LLC	Delaware
AGRE NA Management, LLC	Delaware
AGRE U.S. Real Estate Advisors Cayman, Ltd.	Cayman Islands
AGRE U.S. Real Estate Advisors GP, LLC	Delaware
AGRE U.S. Real Estate Advisors, L.P.	Delaware
AHL 2014 Investor GP, Ltd.	Cayman Islands
AIF III Management, LLC	Delaware
AIF V Management, LLC	Delaware
AIF VI Management Pool Investors, L.P.	Delaware
AIF VI Management, LLC	Delaware
AIF VII Management, LLC	Delaware
AIF VIII Management, LLC	Delaware
AIM Pool Investors, L.P.	Delaware
AION Co-Investors (D) Ltd	Mauritius
ALM IV, Ltd.	Cayman Islands
ALM Loan Funding 2010-1, LLC	Delaware
ALM Loan Funding 2010-3, LLC	Delaware
ALM V, Ltd.	Cayman Islands
ALM VI, Ltd.	Cayman Islands
ALM VII (R), LLC	Delaware
ALM VII (R)-2, LLC	Delaware
ALM VII(R), Ltd.	Cayman Islands
ALM VII(R)-2, Ltd.	Cayman Islands
ALM VII, Ltd.	Cayman Islands
ALM VIII, Ltd.	Cayman Islands
ALM X, LLC	Delaware
ALM X, Ltd.	Cayman Islands
ALM XI, LLC	Delaware
ALM XI, Ltd.	Cayman Islands
ALM XIV, LLC	Delaware
ALM XIV, Ltd.	Cayman Islands
ALME Loan Funding II Limited	Ireland
ALME Loan Funding III Limited	Ireland
AMH Holdings (Cayman), L.P.	Cayman Islands
AMH Holdings GP, Ltd.	Cayman Islands
AMI (Holdings), LLC	Delaware
AMI (Luxembourg) S.a.r.l.	Luxembourg
ANRP EPE GenPar, Ltd.	Cayman Islands
ANRP II GenPar, Ltd.	Cayman Islands
ANRP PG GenPar, Ltd.	Cayman Islands
ANRP Talos GenPar, Ltd.	Cayman Islands
AP Alternative Assets, L.P.	Guernsey
AP AOP VII Transfer Holdco, LLC	Delaware
AP Transport LLC	Delaware
AP TSL Funding, LLC	Delaware
APH HFA Holdings GP, Ltd	Cayman Islands
APH HFA Holdings, L.P.	Cayman Islands
APH Holdings (DC), L.P.	Cayman Islands
APH Holdings (FC), L.P.	Cayman Islands
APH Holdings, L.P.	Cayman Islands
APH I (Sub I), Ltd.	Cayman Islands
APH III (Sub I), Ltd.	Cayman Islands

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APO (FC II), LLC	Anguilla
APO (FC), LLC	Anguilla
APO Asset Co., LLC	Delaware
APO Corp.	Delaware
APO UK (FC), LLC	Anguilla
Apollo Achilles Co-Invest GP, LLC	Anguilla
Apollo Administration GP Ltd.	Cayman Islands
Apollo Advisors (Mauritius) Ltd.	Mauritius
Apollo Advisors (MHE), LLC	Delaware
Apollo Advisors IV, L.P.	Delaware
Apollo Advisors V (EH Cayman), L.P.	Cayman Islands
Apollo Advisors V (EH), LLC	Anguilla
Apollo Advisors V, L.P.	Delaware
Apollo Advisors VI (APO DC), L.P.	Delaware
Apollo Advisors VI (APO DC-GP), LLC	Delaware
Apollo Advisors VI (APO FC), L.P.	Cayman Islands
Apollo Advisors VI (APO FC-GP), LLC	Anguilla
Apollo Advisors VI (EH), L.P.	Cayman Islands
Apollo Advisors VI (EH-GP), Ltd.	Cayman Islands
Apollo Advisors VI, L.P.	Delaware
Apollo Advisors VII (APO DC), L.P.	Delaware
Apollo Advisors VII (APO DC-GP), LLC	Delaware
Apollo Advisors VII (APO FC), L.P.	Cayman Islands
Apollo Advisors VII (APO FC-GP), LLC	Anguilla
Apollo Advisors VII (EH), L.P.	Cayman Islands
Apollo Advisors VII (EH-GP), Ltd.	Cayman Islands
Apollo Advisors VII, L.P.	Delaware
Apollo Advisors VIII (APO DC), L.P.	Delaware
Apollo Advisors VIII (APO DC-GP), LLC	Delaware
Apollo Advisors VIII (APO FC), L.P.	Cayman Islands
Apollo Advisors VIII (APO FC-GP), Ltd.	Cayman Islands
Apollo Advisors VIII (EH), L.P.	Cayman Islands
Apollo Advisors VIII (EH-GP), Ltd.	Cayman Islands
Apollo Advisors VIII, L.P.	Delaware
Apollo AGRE APREF Co-Investors (D), L.P.	Cayman Islands
Apollo AGRE Prime Co-Investors (D), LLC	Anguilla
Apollo AGRE USREF Co-Investors (B), LLC	Delaware
Apollo AIE II Co-Investors (B), L.P.	Cayman Islands
Apollo AION Capital Partners GP, LLC	Delaware
Apollo AION Capital Partners, L.P.	Cayman Islands
Apollo ALS Holdings II GP, LLC	Delaware
Apollo ALST GenPar, Ltd.	Cayman Islands
Apollo ALST Voteco, LLC	Delaware
Apollo Alteri Investments Advisors, L.P.	Cayman Islands
Apollo Alteri Investments Management, Ltd.	Cayman Islands
Apollo Alternative Assets GP Limited	Cayman Islands
Apollo Alternative Assets, L.P.	Cayman Islands
Apollo Alternative Credit Absolute Return Advisors LLC	Delaware
Apollo Alternative Credit Absolute Return Management LLC	Delaware
Apollo Alternative Credit Long Short Advisors LLC	Delaware
Apollo Alternative Credit Long Short Management LLC	Delaware
Apollo A-N Credit Advisors (APO FC Delaware), L.P.	Delaware
Apollo A-N Credit Advisors (APO FC-GP), LLC	Delaware
Apollo A-N Credit Co-Investors (FC-D), L.P.	Delaware

Apollo A-N Credit Management, LLC	Delaware
Apollo Anguilla B LLC	Anguilla
Apollo ANRP Advisors (APO DC), L.P.	Delaware
Apollo ANRP Advisors (APO DC-GP), LLC	Delaware
Apollo ANRP Advisors (APO FC), L.P.	Cayman Islands
Apollo ANRP Advisors (APO FC-GP), LLC	Anguilla
Apollo ANRP Advisors (IH), L.P.	Cayman Islands
Apollo ANRP Advisors (IH-GP), LLC	Anguilla
Apollo ANRP Advisors II (APO DC), L.P.	Delaware
Apollo ANRP Advisors II (APO DC-GP), LLC	Delaware
Apollo ANRP Advisors II, L.P.	Delaware
Apollo ANRP Advisors, L.P.	Delaware
Apollo ANRP Capital Management II, LLC	Delaware
Apollo ANRP Capital Management, LLC	Delaware
Apollo ANRP Co-Investors (D), L.P.	Delaware
Apollo ANRP Co-Investors (DC-D), L.P.	Delaware
Apollo ANRP Co-Investors (FC-D), LP	Anguilla
Apollo ANRP Co-Investors (IH-D), LP	Anguilla
Apollo ANRP Co-Investors II (D), L.P.	Delaware
Apollo ANRP Co-Investors II (DC-D), L.P.	Delaware
Apollo ANRP Fund Administration, LLC	Delaware
Apollo APC Advisors, L.P.	Cayman Islands
Apollo APC Capital Management, LLC	Anguilla
Apollo APC Management GP, LLC	Delaware
Apollo APC Management, L.P.	Delaware
Apollo Arrowhead Management, LLC	Delaware
Apollo Asia Administration, LLC	Delaware
Apollo Asia Advisors, L.P.	Delaware
Apollo Asia Capital Management, LLC	Delaware
Apollo Asia Management GP, LLC	Delaware
Apollo Asia Management, L.P.	Delaware
Apollo Asia Real Estate Advisors GP, LLC	Delaware
Apollo Asia Real Estate Management, LLC	Delaware
Apollo Asian Infrastructure Management, LLC	Delaware
Apollo ASPL Management, LLC	Delaware
Apollo Athlon GenPar, Ltd.	Cayman Islands
Apollo BCSSS Management, LLC	Delaware
Apollo BSL Management, LLC	Delaware
Apollo Capital Credit Management, LLC	Delaware
Apollo Capital Management GP, LLC	Delaware
Apollo Capital Management IV, Inc.	Delaware
Apollo Capital Management V, Inc.	Delaware
Apollo Capital Management VI, LLC	Delaware
Apollo Capital Management VII, LLC	Delaware
Apollo Capital Management VIII, LLC	Delaware
Apollo Capital Management, L.P.	Delaware
Apollo Capital Spectrum Advisors, LLC	Delaware
Apollo Capital Spectrum Management, LLC	Delaware
Apollo Centre Street Advisors (APO DC), L.P.	Delaware
Apollo Centre Street Advisors (APO DC-GP), LLC	Delaware
Apollo Centre Street Co-Investors (DC-D), L.P.	Delaware
Apollo Centre Street Management, LLC	Delaware
Apollo CIP European SMAs & CLOs, L.P.	Cayman Islands
Apollo CIP GenPar, Ltd.	Cayman Islands

Apollo CIP Global SMAs (FC), L.P.	Cayman Islands
Apollo CIP Global SMAs, L.P.	Cayman Islands
Apollo CIP Hedge Funds, L.P.	Cayman Islands
Apollo CIP Partner Pool, L.P.	Cayman Islands
Apollo CIP Professionals, L.P.	Delaware
Apollo CIP Structured Credit, L.P.	Cayman Islands
Apollo CIP US SMAs, L.P.	Cayman Islands
Apollo CKE GP, LLC	Delaware
Apollo COF I Capital Management, LLC	Delaware
Apollo COF II Capital Management, LLC	Delaware
Apollo COF Investor, LLC	Delaware
Apollo Co-Investment Capital Management, LLC	Delaware
Apollo Co-Investment Management, LLC	Delaware
Apollo Co-Investors Manager, LLC	Delaware
Apollo Co-Investors VI (D), L.P.	Delaware
Apollo Co-Investors VI (DC-D), L.P.	Delaware
Apollo Co-Investors VI (EH-D), LP	Anguilla
Apollo Co-Investors VI (FC-D), LP	Anguilla
Apollo Co-Investors VII (D), L.P.	Delaware
Apollo Co-Investors VII (DC-D), L.P.	Delaware
Apollo Co-Investors VII (EH-D), LP	Anguilla
Apollo Co-Investors VII (FC-D), L.P.	Anguilla
Apollo Co-Investors VII (NR D), L.P.	Delaware
Apollo Co-Investors VII (NR DC-D), L.P.	Delaware
Apollo Co-Investors VII (NR EH-D), LP	Anguilla
Apollo Co-Investors VII (NR FC-D), LP	Anguilla
Apollo Co-Investors VIII (D), L.P.	Delaware
Apollo Co-Investors VIII (DC-D), L.P.	Delaware
Apollo Co-Investors VIII (EH-D), L.P.	Cayman Islands
Apollo Co-Investors VIII (FC-D), L.P.	Cayman Islands
Apollo Commodities Management GP, LLC	Delaware
Apollo Commodities Management, L.P.	Delaware
Apollo Commodities Management, L.P., with respect to Series I	Delaware
Apollo Commodities Partners Fund Administration, LLC	Delaware
Apollo Consumer Credit Advisors, LLC	Delaware
Apollo Consumer Credit Fund, L.P.	Delaware
Apollo Consumer Credit Master Fund, L.P.	Delaware
Apollo Credit Advisors I, LLC	Delaware
Apollo Credit Advisors II, LLC	Delaware
Apollo Credit Advisors III, LLC	Delaware
Apollo Credit Capital Management, LLC	Delaware
Apollo Credit Fund LP	Delaware
Apollo Credit Funding I Ltd.	Cayman Islands
Apollo Credit Funding III Ltd.	Cayman Islands
Apollo Credit Income Advisors LLC	Delaware
Apollo Credit Income Co-Investors (D) LLC	Delaware
Apollo Credit Income Management LLC	Delaware
Apollo Credit Liquidity Advisors, L.P.	Delaware
Apollo Credit Liquidity Capital Management, LLC	Delaware
Apollo Credit Liquidity CM Executive Carry, L.P.	Delaware
Apollo Credit Liquidity Investor, LLC	Delaware
Apollo Credit Liquidity Management GP, LLC	Delaware
Apollo Credit Liquidity Management, L.P.	Delaware
Apollo Credit Management (CLO), LLC	Delaware

Apollo Credit Management (European Senior Debt), LLC	Delaware
Apollo Credit Management (Senior Loans) II, LLC	Delaware
Apollo Credit Management (Senior Loans), LLC	Delaware
Apollo Credit Management, LLC	Delaware
Apollo Credit Opportunity Advisors I, L.P.	Delaware
Apollo Credit Opportunity Advisors II, L.P.	Delaware
Apollo Credit Opportunity Advisors III (APO FC) GP LLC	Delaware
Apollo Credit Opportunity Advisors III (APO FC) LP	Delaware
Apollo Credit Opportunity Advisors III GP LLC	Delaware
Apollo Credit Opportunity Advisors III LP	Delaware
Apollo Credit Opportunity CM Executive Carry I, L.P.	Delaware
Apollo Credit Opportunity CM Executive Carry II, L.P.	Delaware
Apollo Credit Opportunity Co-Investors III (D) LLC	Delaware
Apollo Credit Opportunity Co-Investors III (FC-D) LLC	Delaware
Apollo Credit Opportunity Management III LLC	Delaware
Apollo Credit Opportunity Management, LLC	Delaware
Apollo Credit Senior Loan Fund, L.P.	Delaware
Apollo Credit Short Opportunities Advisors LLC	Delaware
Apollo Credit Short Opportunities Co-Investors (D), LLC	Delaware
Apollo Credit Short Opportunities Management, LLC	Delaware
Apollo Emerging Markets Absolute Return Advisors GP LLC	Delaware
Apollo Emerging Markets Absolute Return Advisors LP	Cayman Islands
Apollo Emerging Markets Absolute Return Co-Investors (D) GP LLC	Delaware
Apollo Emerging Markets Absolute Return Co-Investors (D) LP	Delaware
Apollo Emerging Markets Absolute Return Management LLC	Delaware
Apollo Emerging Markets Fixed Income Strategies Advisors GP, LLC	Delaware
Apollo Emerging Markets Fixed Income Strategies Advisors, L.P.	Cayman Islands
Apollo Emerging Markets Fixed Income Strategies Management, LLC	Delaware
Apollo Emerging Markets, LLC	Delaware
Apollo Energy Opportunity Advisors GP LLC	Delaware
Apollo Energy Opportunity Advisors LP	Delaware
Apollo Energy Opportunity Co-Investors (D) LLC	Delaware
Apollo Energy Opportunity Management LLC	Delaware
Apollo Energy Yield Advisors LLC	Delaware
Apollo Energy Yield Co-Investors (D) LLC	Delaware
Apollo Energy Yield Management LLC	Delaware
Apollo EPF Administration, Limited	Cayman Islands
Apollo EPF Advisors II, L.P.	Cayman Islands
Apollo EPF Advisors, L.P.	Cayman Islands
Apollo EPF Capital Management, Limited	Cayman Islands
Apollo EPF Co-Investors (B), L.P.	Cayman Islands
Apollo EPF Co-Investors II (D), L.P.	Cayman Islands
Apollo EPF Co-Investors II (Euro), L.P.	Cayman Islands
Apollo EPF II Capital Management, LLC	Marshall Islands
Apollo EPF Management GP, LLC	Delaware
Apollo EPF Management II GP, LLC	Delaware
Apollo EPF Management II, L.P.	Delaware
Apollo EPF Management, L.P.	Delaware
Apollo Europe Advisors III, L.P.	Cayman Islands
Apollo Europe Advisors, L.P.	Cayman Islands
Apollo Europe Capital Management III, LLC	Delaware
Apollo Europe Capital Management, Ltd.	Cayman Islands
Apollo Europe Co-Investors III (D), LLC	Delaware
Apollo Europe Management III, LLC	Delaware

Apollo Europe Management, L.P.	Delaware
Apollo European Credit Advisors GP, LLC	Delaware
Apollo European Credit Advisors, L.P.	Cayman Islands
Apollo European Credit Co-Investors, LLC	Delaware
Apollo European Credit Management GP, LLC	Delaware
Apollo European Credit Management, L.P.	Delaware
Apollo European Long Short Advisors GP, LLC	Delaware
Apollo European Long Short Advisors, L.P.	Cayman Islands
Apollo European Long Short Management, LLC	Delaware
Apollo European Senior Debt Advisors II, LLC	Delaware
Apollo European Senior Debt Advisors, LLC	Delaware
Apollo European Senior Debt Management, LLC	Delaware
Apollo European Strategic Advisors GP, LLC	Delaware
Apollo European Strategic Advisors, L.P.	Cayman Islands
Apollo European Strategic Co-Investors, LLC	Delaware
Apollo European Strategic Management GP, LLC	Delaware
Apollo European Strategic Management, L.P.	Delaware
Apollo Executive Carry VII (NR APO DC), L.P.	Delaware
Apollo Executive Carry VII (NR APO FC), L.P.	Cayman Islands
Apollo Executive Carry VII (NR EH), L.P.	Cayman Islands
Apollo Executive Carry VII (NR), L.P.	Delaware
Apollo Franklin Advisors (APO DC), L.P.	Delaware
Apollo Franklin Advisors (APO DC-GP), LLC	Delaware
Apollo Franklin Co-Investors (DC-D), L.P.	Delaware
Apollo Franklin Management, LLC	Delaware
Apollo Fund Administration IV, L.L.C.	Delaware
Apollo Fund Administration V, L.L.C.	Delaware
Apollo Fund Administration VI, LLC	Delaware
Apollo Fund Administration VII, LLC	Delaware
Apollo Fund Administration VIII, LLC	Delaware
Apollo Gaucho GenPar, Ltd	Cayman Islands
Apollo Global Funding, LLC	Delaware
Apollo Global Real Estate Management GP, LLC	Delaware
Apollo Global Real Estate Management, L.P.	Delaware
Apollo Global Securities, LLC	Delaware
Apollo GSS GP Limited	Guernsey
Apollo Hercules Advisors GP, LLC	Delaware
Apollo Hercules Advisors, L.P.	Cayman Islands
Apollo Hercules Co-Investors (D), LLC	Delaware
Apollo Hercules Management, LLC	Delaware
Apollo HK TMS Investment Holdings GP, LLC	Delaware
Apollo HK TMS Investment Holdings Management, LLC	Delaware
Apollo India Credit Opportunity Management, LLC	Delaware
Apollo International Management (Canada) ULC	British Columbia
Apollo International Management GP, LLC	Delaware
Apollo International Management, L.P.	Delaware
Apollo Investment Administration, LLC	Delaware
Apollo Investment Consulting LLC	Delaware
Apollo Investment Management, L.P.	Delaware
Apollo Jupiter Resources Co-Invest GP, LLC	Delaware
Apollo Laminates Agent, LLC	Delaware
Apollo Life Asset Ltd.	Cayman Islands
Apollo Lincoln Fixed Income Advisors (APO DC), L.P.	Delaware
Apollo Lincoln Fixed Income Advisors (APO DC-GP), LLC	Delaware



Apollo Lincoln Fixed Income Management, LLC	Delaware
Apollo Lincoln Private Credit Advisors (APO DC), L.P.	Delaware
Apollo Lincoln Private Credit Advisors (APO DC-GP), LLC	Delaware
Apollo Lincoln Private Credit Co-Investors (DC-D), L.P.	Delaware
Apollo Lincoln Private Credit Management, LLC	Delaware
Apollo Longevity, LLC	Delaware
Apollo Management (AOP) VII, LLC	Delaware
Apollo Management (AOP) VIII, LLC	Delaware
Apollo Management (Germany) VI, LLC	Delaware
Apollo Management (UK) VI, LLC	Delaware
Apollo Management (UK), L.L.C.	Delaware
Apollo Management Advisors Espana, S.L.U.	Spain
Apollo Management Advisors GmbH	Germany
Apollo Management Asia Pacific Limited	Hong Kong
Apollo Management GP, LLC	Delaware
Apollo Management Holdings GP, LLC	Delaware
Apollo Management Holdings, L.P.	Delaware
Apollo Management III, L.P.	Delaware
Apollo Management International LLP	United Kingdom
Apollo Management IV, L.P.	Delaware
Apollo Management Singapore Pte Ltd.	Singapore
Apollo Management V, L.P.	Delaware
Apollo Management VI, L.P.	Delaware
Apollo Management VII, L.P.	Delaware
Apollo Management VIII, L.P.	Delaware
Apollo Management, L.P.	Delaware
Apollo Maritime Management, LLC	Delaware
Apollo Master Fund Administration, LLC	Delaware
Apollo Master Fund Feeder Advisors, L.P.	Delaware
Apollo Master Fund Feeder Management, LLC	Delaware
Apollo MidCap FinCo Feeder GP LLC	Delaware
Apollo MidCap Holdings (Cayman) GP, Ltd.	Cayman Islands
Apollo MidCap Holdings (Cayman) II GP, Ltd.	Cayman Islands
Apollo MidCap Holdings (Cayman) II, L.P.	Cayman Islands
Apollo MidCap Holdings (Cayman), L.P.	Cayman Islands
Apollo Moultrie Capital Management, LLC	Delaware
Apollo Moultrie Credit Fund Advisors, L.P.	Delaware
Apollo Moultrie Credit Fund Management, LLC	Delaware
Apollo NA Management II, LLC	Delaware
Apollo Offshore Credit Fund Ltd.	Cayman Islands
Apollo Palmetto Advisors, L.P.	Delaware
Apollo Palmetto Athene Advisors, L.P.	Delaware
Apollo Palmetto Athene Management, LLC	Delaware
Apollo Palmetto HFA Advisors, L.P.	Delaware
Apollo Palmetto Management, LLC	Delaware
Apollo Parallel Partners Administration, LLC	Delaware
Apollo PE VIII Director, LLC	Anguilla
Apollo PG GenPar, Ltd.	Cayman Islands
Apollo Principal Holdings I GP, LLC	Delaware
Apollo Principal Holdings I, L.P.	Delaware
Apollo Principal Holdings II GP, LLC	Delaware
Apollo Principal Holdings II, L.P.	Delaware
Apollo Principal Holdings III GP, Ltd.	Cayman Islands
Apollo Principal Holdings III, L.P.	Cayman Islands

Apollo Principal Holdings IV GP, Ltd.	Cayman Islands
Apollo Principal Holdings IV, L.P.	Cayman Islands
Apollo Principal Holdings IX GP, Ltd.	Cayman Islands
Apollo Principal Holdings IX, L.P.	Cayman Islands
Apollo Principal Holdings V GP, LLC	Delaware
Apollo Principal Holdings V, L.P.	Delaware
Apollo Principal Holdings VI GP, LLC	Delaware
Apollo Principal Holdings VI, L.P.	Delaware
Apollo Principal Holdings VII GP, Ltd.	Cayman Islands
Apollo Principal Holdings VII, L.P.	Cayman Islands
Apollo Principal Holdings VIII GP, Ltd.	Cayman Islands
Apollo Principal Holdings VIII, L.P.	Cayman Islands
Apollo Principal Holdings X GP, Ltd.	Cayman Islands
Apollo Principal Holdings X, L.P.	Cayman Islands
Apollo Principal Holdings XI, LLC	Anguilla
Apollo Resolution Servicing GP, LLC	Delaware
Apollo Resolution Servicing, L.P.	Delaware
Apollo Rose GP, L.P.	Cayman Islands
Apollo Royalties Management, LLC	Delaware
Apollo Senior Loan Fund Co-Investors (D), L.P.	Delaware
Apollo SK Strategic Advisors GP, L.P.	Cayman Islands
Apollo SK Strategic Advisors, LLC	Anguilla
Apollo SK Strategic Co-Investors (DC-D), LLC	Marshall Islands
Apollo SK Strategic Management, LLC	Delaware
Apollo SOMA Advisors, L.P.	Delaware
Apollo SOMA Capital Management, LLC	Delaware
Apollo SOMA II Advisors, L.P.	Cayman Islands
Apollo SPN Advisors (APO DC), L.P.	Cayman Islands
Apollo SPN Advisors (APO FC), L.P.	Cayman Islands
Apollo SPN Advisors, L.P.	Cayman Islands
Apollo SPN Capital Management (APO DC-GP), LLC	Anguilla
Apollo SPN Capital Management (APO FC-GP), LLC	Anguilla
Apollo SPN Capital Management, LLC	Anguilla
Apollo SPN Co-Investors (D), L.P.	Anguilla
Apollo SPN Co-Investors (DC-D), L.P.	Anguilla
Apollo SPN Co-Investors (FC-D), L.P.	Anguilla
Apollo SPN Management, LLC	Delaware
Apollo ST Capital LLC	Delaware
Apollo ST CLO Holdings GP, LLC	Delaware
Apollo ST Credit Partners GP LLC	Delaware
Apollo ST Credit Strategies GP LLC	Delaware
Apollo ST Debt Advisors LLC	Delaware
Apollo ST Fund Management LLC	Delaware
Apollo ST Operating LP	Delaware
Apollo ST Structured Credit Recovery Partners II GP LLC	Delaware
Apollo Strategic Advisors, L.P.	Cayman Islands
Apollo Strategic Capital Management, LLC	Delaware
Apollo Strategic Management GP, LLC	Delaware
Apollo Strategic Management, L.P.	Delaware
Apollo Structured Credit Recovery Advisors III (APO DC) LLC	Delaware
Apollo Structured Credit Recovery Advisors III LLC	Delaware
Apollo Structured Credit Recovery Co-Investors III (D), LLC	Delaware
Apollo Structured Credit Recovery Management III LLC	Delaware
Apollo SVF Administration, LLC	Delaware

Apollo SVF Advisors, L.P.	Delaware
Apollo SVF Capital Management, LLC	Delaware
Apollo SVF Management GP, LLC	Delaware
Apollo SVF Management, L.P.	Delaware
Apollo Tactical Value SPN Advisors (APO DC), L.P.	Cayman Islands
Apollo Tactical Value SPN Capital Management (APO DC-GP), LLC	Anguilla
Apollo Tactical Value SPN Co-Investors (DC-D), L.P.	Anguilla
Apollo Tactical Value SPN Management, LLC	Delaware
Apollo Talos GenPar, Ltd.	Cayman Islands
Apollo Total Return Advisors GP LLC	Delaware
Apollo Total Return Advisors LP	Cayman Islands
Apollo Total Return Co-Investors (D) GP LLC	Delaware
Apollo Total Return Co-Investors (D) LP	Delaware
Apollo Total Return Enhanced Advisors GP LLC	Delaware
Apollo Total Return Enhanced Advisors LP	Cayman Islands
Apollo Total Return Enhanced Management LLC	Delaware
Apollo Total Return ERISA Advisors GP LLC	Delaware
Apollo Total Return ERISA Advisors, L.P.	Delaware
Apollo Total Return Management LLC	Delaware
Apollo U.S. Real Estate Advisors GP II, LLC	Delaware
Apollo U.S. Real Estate Advisors II, L.P.	Delaware
Apollo Union Street Advisors, L.P.	Cayman Islands
Apollo Union Street Capital Management, LLC	Delaware
Apollo Union Street Co-Investors (D), L.P.	Delaware
Apollo Union Street Management, LLC	Delaware
Apollo USREF Co-Investors II (D), LLC	Delaware
Apollo Value Administration, LLC	Delaware
Apollo Value Advisors, L.P.	Delaware
Apollo Value Capital Management, LLC	Delaware
Apollo Value Management GP, LLC	Delaware
Apollo Value Management, L.P.	Delaware
Apollo Verwaltungs V GmbH	Germany
Apollo VII TXU Administration, LLC	Delaware
Apollo VIII GenPar, Ltd.	Cayman Islands
Apollo Zeus Strategic Advisors, L.P.	Cayman Islands
Apollo Zeus Strategic Advisors, LLC	Delaware
Apollo Zeus Strategic Co-Investors (DC-D), LLC	Delaware
Apollo Zeus Strategic Management, LLC	Delaware
Apollo Zohar Advisors LLC	Delaware
Apollo/Artus Management, LLC	Delaware
ARM Manager, LLC	Delaware
Athene Asset Management, L.P.	Cayman Islands
Athene Investment Analytics LLC	Delaware
Athene Mortgage Opportunities GP, LLC	Delaware
August Global Management, LLC	Florida
Blue Bird GP, Ltd.	Cayman Islands
Bond3 GP, Ltd.	Cayman Islands
CAI Strategic European Real Estate Advisors GP, LLC	Marshall Islands
CAI Strategic European Real Estate Advisors, L.P.	Marshall Islands
Champ GP, LLC	Delaware
Champ II Luxembourg Holdings S.a r.l.	Luxembourg
Champ L.P.	Cayman Islands
Champ Luxembourg Holdings S.a r.l.	Luxembourg
CMP Apollo LLC	Delaware

Cornerstone CLO, Ltd.	Cayman Islands
CPI Asia G-Fdr General Partner GmbH	Germany
CPI Capital Partners Asia Pacific GP Ltd.	Cayman Islands
CPI Capital Partners Asia Pacific MLP II Ltd.	Cayman Islands
CPI Capital Partners Europe GP Ltd.	Cayman Islands
CPI CCP EU-T Scots GP Ltd.	Scotland
CPI European Carried Interest, L.P.	Delaware
CPI European Fund GP LLC	Delaware
CPI NA Cayman Fund GP L.P.	Cayman Islands
CPI NA Fund GP LP	Delaware
CPI NA GP LLC	Delaware
CPI NA WT Fund GP LP	Delaware
Cyclone Royalties, LLC	Delaware
Delaware Rose GP, L.L.C.	Delaware
EPE Acquisition Holdings, LLC	Delaware
EPF II Team Carry Plan, L.P.	Marshall Islands
Financial Credit I Capital Management, LLC	Delaware
Financial Credit II Capital Management, LLC	Delaware
Financial Credit III Capital Management, LLC	Delaware
Financial Credit Investment Advisors I, L.P.	Cayman Islands
Financial Credit Investment Advisors II, L.P.	Cayman Islands
Financial Credit Investment Advisors III, L.P.	Cayman Islands
Financial Credit Investment I Manager, LLC	Delaware
Financial Credit Investment II Manager, LLC	Delaware
Financial Credit Investment III Manager, LLC	Delaware
Granite Ventures II Ltd.	Cayman Islands
Granite Ventures III Ltd	Cayman Islands
Green Bird GP, Ltd.	Cayman Islands
Greenhouse Holdings, Ltd.	Cayman Islands
GSAM Apollo Holdings, LLC	Delaware
Gulf Stream - Compass CLO 2007, Ltd.	Cayman Islands
Gulf Stream - Rashinban CLO 2006-I, Ltd.	Cayman Islands
Gulf Stream - Sextant CLO 2006-1, Ltd.	Cayman Islands
Gulf Stream - Sextant CLO 2007-1, Ltd.	Cayman Islands
Gulf Stream Asset Management, LLC	North Carolina
Gulf Stream-Compass CLO 2005-II, Ltd.	Cayman Islands
Harvest Holdings, LLC	Marshall Islands
Insight Solutions GP, LLC	Delaware
Karpos Investments, LLC	Marshall Islands
Lapithus EPF II Team Carry Plan, L.P.	Marshall Islands
LeverageSource Management, LLC	Delaware
London Prime Apartments Guernsey Holdings Limited	Guernsey
London Prime Apartments Guernsey Limited	Guernsey
Neptune Finance CCS, Ltd.	Cayman Islands
Ohio Haverly Finance Company GP, LLC	Delaware
Ohio Haverly Finance Company, L.P.	Delaware
Rampart CLO 2006-I Ltd.	Cayman Islands
Rampart CLO 2007 Ltd.	Cayman Islands
Red Bird GP, Ltd.	Cayman Islands
RWNIH-ALL Advisors, LLC	Delaware
Smart & Final Holdco LLC	Delaware
ST Holdings GP, LLC	Delaware
ST Management Holdings, LLC	Delaware
Stanhope Life Advisors, L.P.	Cayman Islands

Stone Tower CLO II Ltd.	Cayman Islands
Stone Tower CLO III Ltd.	Cayman Islands
Stone Tower CLO IV Ltd	Cayman Islands
Stone Tower CLO V Ltd	Cayman Islands
Stone Tower CLO VI Ltd.	Cayman Islands
Stone Tower CLO VII Ltd.	Cayman Islands
Stone Tower Credit Solutions Fund LP	Delaware
Stone Tower Credit Solutions GP LLC	Delaware
Stone Tower Europe Limited	Ireland
Stone Tower Europe LLC	Delaware
Stone Tower Offshore Ltd.	Cayman Islands
Stone Tower Structured Credit Recovery Partners GP, LLC	Delaware
VC GP C, LLC	Delaware
VC GP, LLC	Delaware
Venator Investment Management Consulting (Shanghai) Limited	China
Venator Real Estate Capital Partners (Hong Kong) Limited	Hong Kong
Verso Paper Investments Management LLC	Delaware

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the following Registration Statements of our report, dated February 29, 2016, relating to the consolidated financial statements of Apollo Global Management, LLC and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2015:

- Registration Statement No. 333-182844 on Form S-3ASR
- Registration Statement No. 333-188415 on Form S-3ASR
- Registration Statement No. 333-188416 on Form S-3ASR
- Registration Statement No. 333-188417 on Form S-3ASR
- Registration Statement No. 333-173161 on Form S-8

/s/ Deloitte & Touche LLP  
New York, New York  
February 29, 2016

## CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Leon Black, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2015 of Apollo Global Management, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 29, 2016

/s/ Leon Black

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Leon Black

Chief Executive Officer

## CHIEF FINANCIAL OFFICER CERTIFICATION

I, Martin Kelly, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2015 of Apollo Global Management, LLC
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 29, 2016

/s/ Martin Kelly

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Martin Kelly

Chief Financial Officer



**Certification of the Chief Executive Officer  
Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Apollo Global Management, LLC (the "Company") on Form 10-K for the year ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Leon Black, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 29, 2016

/s/ Leon Black

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Leon Black

Chief Executive Officer

- \* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

**Certification of the Chief Financial Officer  
Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Apollo Global Management, LLC (the "Company") on Form 10-K for the year ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Martin Kelly, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 29, 2016

/s/ Martin Kelly

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Martin Kelly

Chief Financial Officer

\* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

