

PRIVATE & CONFIDENTIAL

October 18, 2007

Carlyn McCaffrey, Esq.
Weil Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153-0119

Dear Ms. McCaffrey:

You have requested Empire Valuation Consultants, LLC (“Empire”) to render its opinion as to: 1) the fair market value of each of limited partnership interests in the fund management entities, as defined below (the “Management Interests” and the “Advisor Interests”) contributed by LBF Holdings’ (“LBFH,” a Delaware limited liability company) to Apollo Management Holdings, LP (“AMHLP” or the “Partnership”) as a percentage of the combined fair market value of all the Management Interests contributed by LBFH to AMHLP; and 2) the fair market value of the limited partnership interest in AMHLP received in exchange for the contribution of the Management Interests (the “AMHLP LP Interest”). These valuations are as of April 16, 2007 (the “Valuation Date”).

The Management Interests include limited partnership interests in: 1) Apollo Management III, L.P. (“AMIII LP”); 2) Apollo Management IV, L.P. (“AMIV LP”); 3) Apollo Management V, L.P. (“AMV LP”); 4) Apollo Management VI, L.P. (“AMVILP”); 5) Apollo Management VII, L.P. (“AMVII LP”); 6) Apollo Investment Management, L.P. (“AIM LP”); 7) Apollo Value Management, L.P. (“VIFMLP”); 8) Apollo SVF Management, L.P. (“ASVFMLP”); 9) Apollo Asia Management, L.P. (“AAML P”); 10) Apollo Europe Management, L.P. (“AEMLP”); 11) Apollo Alternative Assets, L.P. (“AAALP”), 12) to be formed Apollo EPF Management, L.P. (“EPFMLP”), and 13) to be formed New Funds Management, L.P. (“NFMLP”) collectively the “Management Companies”). The Advisor Interests include limited partnership interests in: Apollo Fund VII Advisor (“Fund VII Advisor”), Apollo EPF Advisors (“EPF Advisors”), and Apollo New Fund Advisors (“New Fund Advisors”), collectively the “Advisor Companies”.

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This report references analysis and methodologies discussed in Management Companies valuation reports as of December 21, 2006 (the "December 2006 Reports"). This report has been prepared as a Restricted Use Appraisal Report as defined in Standards Rule 10 of The Appraisal Foundation's Uniform Standards of Professional Appraisal Practice ("USPAP"), which specifically applies to the preparation of valuation reports of business interests. This report is for your use and should be considered only in conjunction with the December 2006 Reports. This report should only be shared with those persons who have read the December 2006 Reports and have the requisite knowledge to understand the risks, opportunities, and the valuation theories and analyses discussed and applied in this situation, since this report may not be understood properly by readers who have not read the December 2006 Reports.

Methodology

AMHLP, the Management Companies, and the Advisor Companies have been valued on a going concern basis. Since all are closely-held, and thus without a public market for their ownership interests, this appraisal was conducted according to guidelines established by the Internal Revenue Service ("IRS") and USPAP, and in conformity with the American Society of Appraisers' Principles of Appraisal Practice and Code of Ethics, together with other standards that were deemed relevant to this engagement.

This appraisal considered all pertinent factors outlined in USPAP Standards Rule 9 and IRS Revenue Ruling 59-60, including, but not limited to, the following:

- the nature and history of AMHLP, the Management Companies, and the Advisor Companies;
- the financial and economic conditions affecting the general economy, the Partnership, the Management Companies, the Advisor Companies, and their industry;
- the past results, current operations, and future prospects of AMHLP, the Management Companies, and the Advisor Companies;
- the earning capacity and dividend-paying capacity of the Partnership, the Management Companies, and the Advisor Companies;
- the economic benefit to the Partnership, Management Companies, and the Advisor Companies of both their tangible and intangible assets;

- the market price of actively traded interests in public entities engaged in the same or similar lines of business as AMHLP, the Management Companies, and the Advisor Companies as well as sales of ownership interests in entities similar to the Partnership, the Management Companies, and the Advisor Companies;
- the prices, terms, and conditions of past sales of ownership interests in AMHLP, the Management Companies, and the Advisor Companies; and
- the impact on the value of ownership interests in AMHLP, the Management Companies, and the Advisor Companies, resulting from the existence of buy-sell and option agreements, investment letter stock restrictions, restrictive shareholders agreements, or other such agreements.

In defining “fair market value,” IRS Revenue Ruling 59-60 refers to Section 25.2512-1 of the Gift Tax Regulations. Fair market value is described therein as the price at which ownership interests would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

Executive Summary

As will be detailed in this report, Empire has determined that Leon Black holds a 33.57% limited partnership interest in AMHLP that is reasonably stated as **\$860,100,000**, as of April 16, 2007.

Sources of Information

Information used in determining the fair market value of a limited partnership interest in AMHLP was provided by the documents and sources listed below:

- A copy of the Amended and Restated Limited Partnership Agreement of AMHLP, dated April 19, 2007 (the “AMHLP Partnership Agreement”);
- A copy of the AMIILP, AMIVLP, AMVLP, AMVILP, AMVIILP, AIMLP, VIFMLP, ASVFMLP, AAML, AEMLP, AAML, and AAALP valuation reports as of December 21, 2006, referenced earlier as the December 2006 Reports;
- A copy of the Amended and Restated Limited Partnership Agreement of AMIILP, dated March 17, 1995 (the “AMIILP Partnership Agreement”);

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- Copies of Amended and Restated Limited Partnership Agreements of Apollo Investment Fund III, L.P. ("Fund III"), dated March 31, 1995; Apollo Overseas Partners III, L.P. ("Overseas"), dated March 31, 1995; and Apollo UK Partners III, L.P. ("UKIII"), dated March 31, 1995;
- Copies of AMIILP's federal income tax returns, Form 1065, for the years ended December 31, 2002 through 2005 and preliminary for 2006;
- A copy of the Amended and Restated Limited Partnership Agreement of AMIVLP, dated April 18, 1998 (the "AMIVLP Partnership Agreement");
- Copies of Amended and Restated Limited Partnership Agreements of Apollo Investment Fund IV, L.P. ("Fund IV"), dated April 21, 1998; and Apollo Overseas Partners IV, L.P. ("Overseas IV"), dated April 21, 1998;
- Copies of AMIVLP's federal income tax returns, Form 1065, for the years ended December 31, 2002 through 2006;
- A copy of the Amended and Restated Limited Partnership Agreement of AMVLP, dated October 26, 2000 (the "AMVLP Partnership Agreement");
- Copies of Amended and Restated Limited Partnership Agreements of Apollo Investment Fund V, L.P. ("Fund V"), dated April 19, 2002 ("Fund V Partnership Agreement"); Apollo Overseas Partners V, L.P. ("Overseas V"), dated April 30, 2002; Apollo Netherlands Partners V(A), L.P. ("NPVA"), dated July 31, 2001; Apollo Netherlands Partners V(B), L.P. ("NPVB"), dated July 31, 2001; and Apollo German Partners V GMBH & Co. KG ("AGV"), dated July 13, 2001;
- Copies of AMVLP's federal income tax returns, Form 1065, for the years ended December 31, 2003 through 2005 and preliminary for 2006;
- A copy of the Amended and Restated Limited Partnership Agreement of AMVILP, effective as of September 21, 2006 (the "AMVILP Partnership Agreement");
- Copy of the Amended and Restated Limited Partnership Agreement of Apollo Investment Fund VI, L.P. ("Fund VI"), dated August 26, 2005 ("Fund VI Partnership Agreement");

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- Copies of Amended and Restated Limited Partnership Agreements of Apollo Overseas Partners VI, L.P.; Apollo Overseas Partners (Delaware) VI, L.P.; Apollo Overseas Partners (Delaware 892) VI, L.P.; and Apollo Overseas Partners (Germany) VI, L.P., all dated August 26, 2005;
- Copy of AMVILP's preliminary federal income tax return, Form 1065, for the year ended December 31, 2006;
- Copy of Apollo Investment Fund VII, L.P.'s ("Fund VII") Private Placement Memorandum;
- Copy of AIMLP's Agreement of Limited Partnership, effective as of February 3, 2004 (the "AIMLP Partnership Agreement");
- Copy of an Investment Advisory Management Agreement between AMHLP and Apollo Investment Corporation ("AINV" or the "Company") including a supplement that clarifies the capital gains fee calculation, dated March 25, 2004;
- Copies of AIMLP's federal income tax returns, Form 1065, for the years ended December 31, 2004 through 2005 and preliminary for 2006;
- Copy of AINV's Prospectus, dated September 20, 2006;
- Copy of AINV's annual report, or 10-K, filed with the Securities and Exchange Commission ("SEC"), for the Company's fiscal year ended March 31, 2006;
- Copy of AINV's quarterly report, or 10-Q, for the Company's fiscal quarter ended December 31, 2006;
- Copy of a management presentation of AINV as of the end of 2006;
- Agreement of Limited Partnership of Apollo DIF Management, L.P. ("DIF"), dated May 8, 2003;
- Amended and Restated Agreement of Limited Partnership of Apollo Value Investment, L.P., dated June 1, 2007;

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- First Amended and Restated Limited Partnership Agreement of Apollo Value Investment Master Fund, L.P., (“VIF Master Fund”) dated January 1, 2007;
- Amended and Restated Investment Management Agreement between Apollo Value Investment Offshore Fund, Ltd. and VIFMLP, dated January 1, 2007 (“VIFMLP Management Agreement”);
- Copies of VIFMLP’s federal income tax returns, Form 1065, for the years ended December 31, 2003 through 2005 and preliminary for 2006;
- Copy of ASVFMLP’s Agreement of Limited Partnership, dated May 17, 2006 (the “ASVFMLP Partnership Agreement”);
- Copies of private placement memorandums for Apollo Strategic Value Fund Offshore Fund, Ltd. (“Offshore”) and Apollo Strategic Value Fund, L.P. (“SVF Master Fund”), both as of January 2007;
- Copy of the Second Amended and Restated Limited Partnership Agreement of the Master Fund, dated February 1, 2007 (the “Master Fund LP Agreement”);
- Copy of the Master Fund’s financial statements for the period from June 14, 2006 (commencement of operations) to December 31, 2006;
- Copy of ASVFMLP’s preliminary federal income tax return, Form 1065, for the year ended December 31, 2006;
- A copy of the Limited Partnership Agreement of AAMLPL, dated December 14, 2006 (the “AAMLPL Partnership Agreement”);
- Copies of the Limited Partnership Agreements of Apollo Asia Opportunity Fund, L.P. (“AAO Master Fund”), dated December 11, 2006 (“AAO Partnership Agreement”);
- A copy of the Amended and Restated Limited Partnership Agreement of AAALP, dated May 19, 2006 (the “AAALP Partnership Agreement”);

- Copies of the Limited Partnership Agreements of AP Alternative Investments, L.P. (“AAA”), dated May 31, 2006 (“AAA Partnership Agreement”);
- Copy of AAALP’s preliminary federal income tax return, Form 1065, for the year ended December 31, 2006;
- Copy of an Agreement of Limited Partnership for Apollo International Management, L.P.¹ as of April 4, 2006 (the “AEMLP Partnership Agreement”);
- Copy of AEMLP’s preliminary federal income tax return, Form 1065, for the year ended December 31, 2006;
- Apollo AP Investment Europe Investor Presentation as of March 31, 2007, containing some information as of December 31, 2006 (the “AEM Investor Report”);
- Projections provided by management as of April 2007;
- Ownership schedule of Mr. Black’s interests provided by Apollo, as of the Valuation Date;
- Conversations and correspondence with John Suydam, Apollo Group’s (“Apollo”) Chief Legal Officer; Barry Giarraputo, Chief Financial Officer for AP Alternative Investments; and Michael Gullace, Director of Special Projects and others at Apollo; as well as attorneys from the firm of Weil Gotshal & Manges, LLP and Akin Gump Strauss Hauer & Felp LLP; and
- Other reviews, analyses, and research as were deemed necessary.

Apollo, Management Companies & Advisor Companies Overview

Founded in 1990 by a group of four experienced investment management individuals from Drexel Burnham Lambert, the Apollo umbrella covers a variety of mainly private investment vehicles. It is considered a leading global alternative asset manager. Alongside its traditional private equity funds, Apollo also oversees distressed debt and mezzanine investing. Typically, Apollo has concentrated its

¹ Apollo International Management, ■■■.’s name was changed to AEMLP prior to the Valuation Date.

investments in middle-market companies. Apollo's managing partners are Leon Black, Joshua Harris, and Marc Rowan, who have worked together for more than 20 years and, as of December 2006, led a team of over 70 investment specialists. Apollo has offices in New York, London, Los Angeles, Singapore, Frankfurt, and Paris.

As of the Valuation Date, Apollo had invested some \$24.5 billion since inception in over 150 companies. Over time, the firm hopes to assemble a balance between its private equity and capital market funds, but as of December 2006, over \$20 billion was concentrated in private equity.

In the context of the Apollo funds, private equity funds raise pools of capital from institutional investors and high net worth individuals. These funds typically seek to acquire significant controlling ownership interests in businesses and typically invest in the common equity or preferred stock of private and sometimes public companies. Private equity funds are typically structured as unregistered limited partnership funds with terms of eight to ten years, and can contain provisions to extend the life of the fund under certain circumstances. Investors in private equity funds provide a commitment to the fund that is called by the fund as investments are made and equity capital is required. Private equity fund managers typically earn fees as follows: (i) management fees based on the amount of invested or committed capital; (ii) transaction and advisory fees as capital is invested and portfolio companies are managed; and (iii) a carried interest based on the performance of the fund, which is often subject to a preferred return for investors, or "hurdle."

Apollo's capital market funds are essentially "hedge funds."² Hedge funds are typically structured as limited partnerships, limited liability companies or offshore corporations. Hedge fund managers earn a base management fee typically based on the net asset value ("NAV") of the fund, and incentive fees based on a percentage of the fund's profits. Some hedge funds set a "hurdle rate" under which the fund manager does not earn an incentive fee until the fund's performance exceeds a benchmark rate. Another feature common to hedge funds is the "high water mark" under which a fund manager does not earn incentive fees until the net asset value exceeds the highest historical value on which incentive fees were last paid.

Typical investors include high net worth individuals and institutions. These investors can invest and withdraw funds periodically in accordance with the terms of the funds, which may include lock-up periods on withdrawals. Hedge fund

² Hedge fund is a managed portfolio that has targeted a specific return goal regardless of market conditions and can use a wide variety of different investing strategies to achieve this goal, and generally those strategies are managed and executed by a portfolio manager.

managers often commit a portion of their own capital in the funds they manage to align their interests with those of the investors.

Over the last 12 months, the Apollo funds have collectively generated a gross annual return of 22.6%, a net annualized return of 16.4%, and a Sharpe Ratio of 4.4.³ Management was forecasting existing and targeted assets under management (“AUM”) for the end of 2007 at \$43.7 billion. Over half of that amount was in play at the end of 2006. It should be noted that the return levels achieved by Apollo’s funds varied significantly depending on the nature of the funds and the investments made.

The Management Companies were established to act as managers for each of the underlying funds and each management company collects a management fee from the fund. In addition, some management companies also receive a carried interest from the underlying fund. The Advisor Companies were established to hold the limited partner interests in the underlying funds and each advisor receives carry income from the investments made by the fund.

Fund Profiles & Investment Strategies

Profiles and investment strategies of each of the underlying funds is presented below. Funds III, IV, V, VI, and VII are “Private Equity Funds.” AIM, VIF, SVF, AAO, AEM, and AAA are “Capital Markets Funds.” Europe Principal Finance (“EPF”) is a fund to be formed in 2007 and “New Fund” is a new capital markets fund to be formed in 2008.

A. Fund Profiles

Fund III: Fund III was established in March of 1995 with approximately \$1.5 billion in capital. AMIILP was designated as Fund III’s Manager. Fund III’s general partner was Apollo Advisors II, L.P. The initial term of Fund III is ten years following the final Closing Date (of March 17, 1995) as defined in the Fund III Partnership Agreement. However, the term of Fund III was extended to liquidate the remaining assets. As of the Valuation Date, the remaining assets were being liquidated and no value is attributed to them.

The investment objective of Fund III was to achieve long-term capital appreciation through equity and equity-equivalent investments providing control or influential minority equity positions and through investments in debt or other securities that provided equity-like returns. Fund III generally pursued individual investments

³ A commonly used measure of risk-adjusted performance of an investment asset.

ranging in size from approximately \$20 million to \$200 million in companies with enterprise values in excess of \$100 million. Consistent with the principals' past practice, Fund III aligned itself with the existing management team and, through board representation, sought to develop and implement effective operating plans and appropriate capital structures.

Fund III used three approaches to generate value: (1) transition financings; (2) special situation recapitalizations; and (3) middle market leveraged acquisitions. For transition financings, Fund III identified companies that had progressed beyond the early stage venture capital investors but were not yet positioned to access public market capital, or otherwise needed to raise capital more quickly or confidentially than could be done in public markets. Special situation recapitalizations consisted of companies with high quality operating businesses but low quality balance sheets. Fund III purchased distressed securities in the secondary markets or through direct capital infusions. In middle market leveraged acquisitions, Fund III targeted companies or businesses where rates of return could be enhanced through the appropriate use of leverage and where an entrepreneurial management team was comfortable operating in a leveraged environment. Fund III also pursued transactions where it believed a non-core business owned by a large corporation would function more effectively if structured as an independent entity managed by a focused stand-alone team.

Fund III did not invest more than 25% of total capital commitments in any portfolio investment or series of portfolio investments made directly or indirectly in a single portfolio company.

Fund IV: Fund IV was established in December of 1997 with approximately \$3.6 billion in capital. AMIVLP was designated as Fund IV's Manager. Fund IV's general partner was Apollo Advisors III, L.P. The term of Fund IV is ten years following the final Closing Date (of April 21, 1998) as defined in the Fund IV Partnership Agreement. Fund IV is expected to begin liquidation of assets shortly after the Valuation Date; however, it is unknown how long this process will take.

The investment objective of Fund IV is to achieve long-term capital appreciation through equity and equity-equivalent investments providing control or influential minority equity positions and through investments in debt or other securities that provided equity-like returns. Fund IV pursued individual investments ranging in size from approximately \$50 million to \$250 million. Fund IV's investment philosophy is to find companies with strong, enduring business franchises that have attractive risk/reward profiles. Strong business franchises are evidenced by highly respected products, expanding market share, highly efficient production and strong, experienced management teams. Consistent with the principals' past practice, Fund

IV aligned itself with the existing management team and through board representation sought to develop and implement effective operating plans and appropriate capital structures.

Fund IV is similar to previously discussed funds in its approach to generate value through: (1) classic buyouts; (2) distressed buyouts; and (3) corporate partner buyouts.

Fund V: Fund V was established in April of 2001 with approximately \$5 billion in capital. AMVLP was designated as Fund V's Manager. Fund V's general partner was Apollo Advisors V, L.P. The term of Fund V is ten years following the final Closing Date (of April 30, 2002) as defined in the Fund V Partnership Agreement.

The investment objective of Fund V is to achieve long-term capital appreciation through equity and equity-equivalent investments providing control or influential minority equity positions and through investments in debt or other securities providing equity-like returns. Fund V is global in nature and seeks investments across a range of industries, markets, and regions and generally pursues individual investments ranging in size from approximately \$75 million to \$450 million.

Fund V is similar to previously discussed funds in its approach to generate value.

In terms of geographic orientation, without the consent of its Advisory Board, Fund V may not invest more than 25% of its aggregate commitments in securities of issuers organized and operating primarily outside of North America. Overseas, NPVA, NPVB, and AGV are known as Fund V's Co-Investing Entities and are funded primarily by foreign or tax exempt investors and co-invest with Fund V.

Fund VI: Fund VI closed in January of 2006 with approximately \$10.1 billion in commitments, of which \$1.6 billion had been invested as of the Valuation Date. AMVILP was designated as Fund VI's Manager. Fund VI's general partner was Apollo Advisors VI, L.P. The term of Fund VI is ten years following the final closing (which was in January of 2006) as defined in the Fund VI Partnership Agreement, but may be extended for up to a maximum of three years at the discretion of the General Partner upon notice to the Advisory Board and for further periods with the consent of a majority in interest of limited partners.

The investment objective of Fund VI is to achieve long-term capital appreciation by making investments in: control or influential minority equity and equity equivalent positions; and debt or other securities providing equity-like returns. Fund VI seeks investments across a range of industries, markets, and regions and generally pursues

individual investments ranging in size from approximately \$150 million to \$600 million.

Fund VI is similar to previously discussed funds in its approach to generate value.

In terms of geographic orientation, without the consent of its Advisory Board, Fund VI may not invest more than 25% of its aggregate commitments in securities of issuers organized and operating primarily outside of North America. The Co-Investing Entities are funded primarily by foreign or tax exempt investors and co-invest with Fund VI.

Fund VII: As of the Valuation Date, Fund VII was being established with approximately \$15 billion in capital. Fund VII expects to generally pursue investments ranging in size from approximately \$200 million to \$1.5 billion. Fund VII will seek to make control-oriented investments in undervalued franchise assets at purchase multiples below those of its peers.

AINV: AINV, a Maryland corporation, began operations in April of 2004, following its IPO and receipt of some \$870 million in total net IPO proceeds. AINV received another \$294 million in total net proceeds from its second public offering in March 2006. Since April of 2004, AINV has invested in some 90 companies. In exchange for the management of the day-to-day operations of AINV (subject to AINV's Board of Directors) and investment advisory services, AINV pays a fee to AIMLP. This fee consists of two components: (1) a base management fee; and (2) an incentive fee.

AINV invests primarily in middle-market companies in the form of mezzanine and senior secured loans. In general, the Company structures its mezzanine investments primarily as unsecured, subordinated loans that provide for relatively high interest rates that provide current interest income. These loans typically have interest-only payments in the early years, with amortization of principal deferred to the later years of the mezzanine loans. In some cases, AINV enters into loans that, by their terms, convert into equity or additional debt securities or defer payments of interest after its investment. Also, in some cases its mezzanine loans may be collateralized by a subordinated lien on some or all of the assets of the borrower. Typically, AINV's mezzanine loans have stated maturities of five to ten years.

AINV also invests in portfolio companies in the form of senior secured loans that it expects to have terms of three to ten years and may provide for deferred interest payments over the term of the loan. AINV generally seeks to obtain security interests in the assets of its portfolio companies that serve as collateral in support of the repayment of these loans. This collateral may take the form of first or

second priority liens on the assets of a portfolio company. In addition, AINV makes some direct equity investments and, from time to time, may also invest in companies that are thinly traded. It was management's expectation that AINV would hold most of its investments to maturity or repayment, but that it may sell certain of its investments earlier, if a liquidity event takes place.

As of the Valuation Date, over half of AINV's investments were in the form of subordinated debt/corporate notes.

VIF Master Fund: VIF Master Fund was established in July of 2003 with approximately \$1 billion in capital. VIFMLP was designated as VIF's Manager. VIF's general partner was Apollo Value Advisors, L.P.

As with SVF and AAO, the master fund was organized to receive all of its capital contributions from the feeder funds, which consist of an on-shore and off-shore component. The feeder funds operate by placing substantially all of their assets in, and conducting their investment and trading activities through the master fund. Management and incentive fees are generally paid at the feeder fund level.

Senior management believes that distressed debt is an asset class that performs well in a very distinct and limited economic and capital market environment. When such an environment exists, VIF seek to create a diversified portfolio of bank debt, high yield debt and preferred stock. Investments are made in increments of approximately \$10 million to \$50 million. The intent is to take large, long-term illiquid positions in distressed debt in order to seek significant influence or control of companies and make smaller, shorter-term market-oriented investments based on company fundamentals without seeking control.

SVF Master Fund: SVF Master Fund is a Delaware limited partnership and Offshore is a Cayman Islands exempted company, both of which commenced operations in June 2006. SVF was designed to be suitable primarily for investors that are United States ("U.S.") taxpayers while Offshore was designed for investors who are U.S. tax-exempt or non-U.S. based. The Feeder Funds operate by placing substantially all of their assets in, and conducting substantially all of their investment and trading activities through, the Master Fund, which facilitates collective investment by the Feeder Funds.

SVF offers two types of limited partnership interests: Class A and Class B. These interests are identical except for exposure to "Special Investments,"⁴ management

⁴ Special Investments are defined as those categorized by the general partner or the Manager as such. Generally these investments are subject to legal or contractual restrictions on transferability or otherwise not readily marketable without impairing the value of such investments.

fees, and withdrawal rights. Likewise, Offshore offers Class A shares and Class B shares, which have identical rights with the same exceptions as SVF. The rights of the Feeder Funds' two types of interests (where they differ) are described in the following table.

Table I
Feeder Funds' Class A & Class B Rights

Right	Class A	Class B
Initial Lock-up	12 months	5 years
Withdrawal Reductions	6% declining to 2% during the second year of investment	None
Limit on "Special Investments"	20% of the capital account balance (SVF) or 20% of NAV (Offshore)	None
Management Fees	2.0%	1.75%

Offshore uses "Class S Shares" to facilitate accounting for Special Investments. All shares other than Class S Shares are considered "Regular Shares." Whenever Offshore makes a Special Investment (or when ASVFMLP, in its sole discretion, determines that an investment has become a Special Investment), Offshore shall: (i) authorize a new series of Class S Shares with an aggregate net value equal to the cost (or, in the case of an existing investment which is reclassified as a Special Investment, the fair market value) of such Special Investment; and (ii) exchange Regular Shares outstanding at such time with an aggregate NAV equal to that of the new series of Class S Shares, pro rata by class (based on the aggregate NAV of all Regular Shares of each class of shares at such time), according to each shareholder's pro rata share (based on the relative number of Regular Shares of such class held by each shareholder). When a Special Investment is realized or deemed realized, each holder of Class S Shares will have them exchanged back into Regular Shares at the then-current NAV per share.

The SVF Master Fund was formed to invest in absolute-value investment opportunities, primarily among the securities of distressed companies in North America and Europe. The SVF Master Fund invests in the securities of leveraged companies using three primary strategies: (1) distressed investments (primarily a long-only strategy focused on the debt securities of companies in the periods before, during, and after bankruptcy); (2) value driven investments (long and short investments that span the capital structure of leveraged companies and seek to profit from identified catalysts that will typically develop within six to nine months from the initial investments); and (3) special opportunities (primarily a long-only strategy focused on control opportunities and illiquid securities).

AAO Master Fund: AAO Master Fund was established in December of 2006 with approximately \$200.0 million in capital. AAMLPL was designated as AAO's Manager. AAO's general partner was Apollo Asia Advisors L.P. At the Valuation Date, \$65.0 million had been invested.

AAO will invest primarily in strategic and event-driven opportunities through investments in debt and equity securities principally of middle market and large companies, with a primary investment focus on China, Indonesia, India, Malaysia, and Singapore and a secondary focus on Australia, South Korea, Taiwan, Thailand, and other Southeast Asian countries.

AEM: AEM is a limited liability Guernsey incorporated investment company that commenced operations in July 2006 with \$250 million in invested capital from AP Alternative Assets ("APA"). AEMLP was designated as AEM's Investment Manager.

AEM closed a private placement shortly before the Valuation Date (the "First Private Placement and Closing"). During the period from incorporation to the Valuation Date, APA had invested some \$250 million in redeemable preference shares issued by the company. APA's investment in AEM will be converted into "A" Ordinary Shares, prior to closing of the First Private Placement and Closing. In addition, AEM has one majority voting share in issue which carries the right to vote but not to receive any participation in the economic performance of the Company and, prior to the First Private Placement and Closing, will be redesignated as 100 "B" Ordinary Shares.

AEM's investment objectives are to generate current income and capital appreciation through mezzanine, debt, and equity investments primarily in European companies. AEM intends to invest approximately 70% of its gross assets in secured and unsecured subordinated loans (also referred to as mezzanine loans), senior secured loans, high-yield debt and preference equity (together the "Target Credit Instruments"). AEM also intends that approximately 70% of its gross assets will be invested in securities issued by, or loans made to, companies established or operating in Europe. AEM has a current focus on western European companies.

While AEM's primary focus is on Target Credit Instruments and on investments in companies established or operating in Europe, it also expects to invest up to 30% of its gross assets in other opportunistic investments, such as distressed debt and private or public equity investments worldwide.

AEM currently intends to seek a listing on a recognized European exchange of the "A" Ordinary Shares following full investment of the proceeds of the First Private

Placement and Closing. In the event that AEM has not applied for such listing within 18 months of closing, the base management fee will be suspended and, in the event that such listing has not been achieved within 24 months of the closing, the Board is required to seek the approval of the shareholders to the continuation of the Company in its current form.

AAA: AAA was established in May of 2006 with approximately \$1.8 billion in capital. AAALP was designated as AAA's Manager. AAA's general partner was AAA Guernsey Limited.

Over time, AAA expects to invest 50% or more of its capital in private equity investments. The remaining capital will be co-invested with Apollo's capital markets funds.

AAA's private equity investments will consist of: (1) commitments to private equity funds sponsored by Apollo; (2) co-investments alongside such funds; and (3) purchases of secondary interests in such funds.

In addition to investments in private equity, AAA will deploy capital through investments in, or co-investment arrangements with, Apollo's capital markets-focused funds, in SVF Master Fund (one of Apollo's debt and equity investment funds focused on value-oriented and distressed securities), AEM (Apollo's European mezzanine and leveraged debt investment vehicle), and Apollo Investment Corporation (Apollo's U.S. mezzanine and leveraged debt investment vehicle).

EFP is tentatively marketed as a Germany fund. No concrete plans have been made for New Fund at the Valuation Date.

B. Economic Structure

The economic structure of each Fund is outlined below, based on the terms set forth in the respective partnership agreements. Any capitalized terms below that have not been specifically defined elsewhere in this report shall have the meanings set forth in the respective partnership agreements.

Table II
Fund Economic Structure

Fund Name	Management Fees	Allocation of Profits & Losses	Distributions	Clawback	Operating Expenses
Fund III	1.5% of committed capital. Management	Pro Rata	First, return of capital to all	GP will be required to	Fund III shall bear

Fund Name	Management Fees	Allocation of Profits & Losses	Distributions	Clawback	Operating Expenses
	fees reduced by 50% of operating expenses.		partners. Then, to LPs until LPs receive 8% internal rate of return. Finally, 80% to the GP until the GP earns a 20% return. Thereafter, 20% to GP and 80% to all partners.	restore funds if it has received more than 20% of proceeds.	all normal operating expenses.
Fund IV	Before 6 th Anniversary: 1.5% up to \$2.5 billion, 1.0% in excess of \$2.5 billion, 0.25% in excess of \$3.0 billion. After 6 th Anniversary: 0.75% up to \$3.0 billion, 0.25% in excess of \$3.0 billion. Management fees reduced by 65% of operating expenses.	Pro Rata	First, return of capital to all partners. Then, to LPs until LPs receive 8% internal rate of return. Finally, 80% to the GP until the GP earns a 20% return. Thereafter, 20% to GP and 80% to all partners.	GP will be required to restore funds if it has received more than 20% of proceeds.	Fund IV shall bear all normal operating expenses.
Fund V	Before 6 th Anniversary: 1.5% up to \$3.1 billion, 1.0% in excess of \$4.6 billion, 0.25% in excess of \$4.6 billion. After 6 th Anniversary: 0.75% up to \$2.3 billion, 0.25% in excess of \$2.3 billion. Management fees reduced by 65% of operating expenses.	Pro Rata	First, return of capital to all partners. Then, to LPs until LPs receive 8% internal rate of return. Finally, 80% to the GP until the GP earns a 20% return. Thereafter, 20% to GP and 80% to all partners.	GP will be required to restore funds if it has received more than 20% of proceeds.	Fund V shall bear all normal operating expenses.
Fund VI	Before 6 th Anniversary: 1.5% up to \$5.0 billion and 1.0% in excess of \$5.0 billion. After 6 th Anniversary: 0.75% up to \$2.3 billion, 0.25% in excess of \$2.3 billion.	Pro Rata	First, return of capital to all partners. Then, to LPs until LPs receive 8% internal rate of return. Finally, 80% to the GP until the	GP will be required to restore funds if it has received more than 20% of proceeds.	Fund VI shall bear all normal operating expenses.

Fund Name	Management Fees	Allocation of Profits & Losses	Distributions	Clawback	Operating Expenses
	Management fees reduced by 65% of operating expenses.		GP earns a 20% return. Thereafter, 20% to GP and 80% to all partners.		
Fund VII	1.5% up to \$7.0 billion and 1.0% in excess of \$7.0 billion. Management fees reduced by 68% of operating expenses.	Pro Rata	First, return of capital to all partners. Then, to LPs until LPs receive 8% internal rate of return. Finally, 80% to the GP until the GP earns a 20% return. Thereafter, 20% to GP and 80% to all partners.	N/A	Fund VII shall bear all normal operating expenses.
AINV	2% of capital.	N/A	First, return of capital to all partners. Then, to LPs until LPs receive 7% internal rate of return. Finally, 80% to the GP until the GP earns a 20% return. Thereafter, 20% to GP and 80% to all partners.	N/A	N/A
VIF	1.5% of LP net asset value.	Pro rata.	First, return of capital to all partners. Then, to LPs until LPs receive 8% internal rate of return. Finally, 80% to the GP until the GP earns a 20% return. Thereafter, 20% to GP and 80% to all partners.	N/A	VIF shall bear all normal operating expenses.
SVF	2% of Class A net	N/A	N/A	N/A	N/A

Fund Name	Management Fees	Allocation of Profits & Losses	Distributions	Clawback	Operating Expenses
	asset value and 1.75% of Class B net asset value.				
AAO	2% on the net asset value of the LP interest.	Pro rata.	Pro rata as determined by the GP.	N/A	AAO shall bear all normal operating expenses.
AEM	2% of capital.	N/A	First, return of capital to all partners. Then, to LPs until LPs receive 7% internal rate of return. Finally, 80% to the GP until the GP earns a 20% return. Thereafter, 20% to GP and 80% to all partners.	N/A	AEM shall bear all normal operating expenses.
AAA	1.25% up to \$3.0 billion and 1.0% in excess of \$3.0 billion.	Pro rata.	Pro rata as determined by the GP.	N/A	AAA shall bear all normal operating expenses.
EFP	Expected to be similar to AAO.	Expected to be similar to AAO.	Expected to be similar to AAO.	Expected to be similar to AAO.	Expected to be similar to AAO.
New Fund	Expected to be similar to AAO.	Expected to be similar to AAO.	Expected to be similar to AAO.	Expected to be similar to AAO.	Expected to be similar to AAO.

For additional information regarding the Funds' financial histories, management, and other information, please refer to the December 2006 Reports.

Partnership Profile

AMHLP is a limited partnership formed under the Delaware Revised Uniform Limited Partnership Act (the "Act"). The Partnership was originally formed in January of 2007 and, as of the Valuation Date, acted as a holding company for the

Management Companies and Advisor Companies. Since the Partnership was recently formed, no financial statements were available.

A. Partnership Ownership

The Partnership's general partner is Apollo Management Holdings GP, LLC (the "GP"). In addition, there are three limited partners, including LBFH, which holds the limited partnership interest being analyzed and valued.

B. AMHLP Partnership Agreement Provisions

The following provisions of the AMHLP Partnership Agreement were considered relevant to the valuation of a limited partnership interest in AMHLP. Any capitalized terms below that have not been specifically defined elsewhere in this report shall have the meanings set forth in the AMHLP Partnership Agreement.

- Subject to the AMHLP Partnership Agreement, the GP has complete and exclusive responsibility (i) for all management decisions to be made on behalf of the Partnership and (ii) for the conduct of the business and affairs of the Partnership.
- The Partnership will pay or reimburse the GP for all costs and expenses arising in connection with the organization and operations of the Partnership.
- The limited partners ("LPs") have no right to take part in the management or control of the Partnership's business, nor any right or authority to act for the Partnership, or to vote on matters other than those specifically set forth in the AMHLP Partnership Agreement or as required by law.
- From time to time, the GP shall cause the Partnership to make distributions to the LPs, pro rata.
- Allocations of profit and loss shall be made pro rata among the partners' capital accounts.
- No LP may transfer his interest in the Partnership and no transferee shall become a substituted LP, unless the prior written consent of the GP has been obtained, which consent may be withheld at the absolute discretion of the GP.
- The GP may admit one or more additional GPs at any time without the consent of any LP.

- A partner may not withdraw from the Partnership prior to its dissolution without the prior approval (i) of the LPs (if the withdrawing partner is the GP) or (ii) of the GP (if the withdrawing partner is an LP).
- The term of the Partnership is until the GP shall elect to dissolve it or at any time that there are no LPs.

Economic, Industry & Company Outlook

In the appraisal of any company, the general economic factors prevailing at the valuation date, as well as those foreseen then, must be considered. Assimilation of these facts and forecasts provides insight into the economic climate in which investors are dealing. Although individual factors may or may not have a direct impact upon a particular industry, the overall economy and its outlook have a strong influence on how investors perceive investment opportunities.

A. General Economy

For this analysis, the general economic climate that prevailed through the first quarter of 2007 was considered, as was the outlook for the domestic economy. This section of the report contains an overview of selected economic factors, such as gross domestic product ("GDP"), inflation, and U.S. monetary and fiscal policy.

The Value Line forecast closest to the Valuation Date was utilized, as it was considered to be most reasonable. In its Quarterly Economic Review, dated February 23, 2007, Value Line expected economic growth to average 2.5% to 3% in 2007. That pace was thought to be moderate enough to contain inflation. Value Line also expected the Federal Reserve (the "Fed") to hold steady on interest rates, with the possibility of a reduction later in 2007 or early in 2008.

In 2008, GDP growth was forecast to average 3%, with benign inflation and steady to slightly lower interest rates. By the end of the year, the possibility existed for consumer growth to slow, but this could be offset by recoveries in the housing and domestic auto sectors. One potential disruption, however, would be a terrorist attack or a military conflict that could negatively affect the energy markets. Other possibilities included a disease pandemic, a widespread drought or other catastrophic weather event, or a move by the Fed that might disrupt the markets. Any one, or a combination of these events, could result in a serious recession.

According to Value Line, inflation would remain relatively constant, and could moderate further in 2007. In 2005, producer prices rose by 4.9% versus a gain of 3.6% in 2004, while consumer prices rose 3.4%, up from 2.7% in 2004.

Producer prices were expected to increase by 2.9% in 2006, and consumer prices were expected to increase 3.2%. The change in industrial production was estimated to be 4.1% in 2006, and was expected to average 2.4% from 2007 through 2011.

Value Line expected short-term borrowing costs to remain stable through the first half of 2007, before potentially declining by the first part of 2008. Long-term rates, meanwhile, were forecast to remain in a relatively narrow range in 2007 and 2008. The three-month Treasury bill rate was 5.0% at the publication date and was expected to remain at that level in the first quarter of 2007. The Prime Lending Rate was 8.25% at the publication date and was forecast to fluctuate between 8.0% and 8.3% through 2011. Value Line believed that the Fed would maintain a stable monetary policy.

The outlook for corporate earnings remained bright for the next several quarters, although some moderation was expected as a result of a slight deceleration in GDP growth over this time frame. It should be noted, however, that productivity had strengthened and unit labor costs rose more slowly than expected. In addition, energy and commodities prices became less of a problem than they were in 2006. As such, corporate earnings, while tempered by modest economic growth, were forecast to improve steadily in 2007 at a rate of between 5% and 10%.

In sum, Value Line was forecasting real, inflation-adjusted GDP to rise at a rate of 3.4% for all of 2006. Longer-term projections called for real GDP growth to increase from 2.8% in 2007 to 3.3% in 2011, based on assumptions that oil prices would decline from nearly \$56 to \$50 a barrel, that the Fed would maintain short-term interest rates at relatively constant levels through 2011, and that there would be no marked change for the worse on the global front.

B. Industry Outlook for Private Equity Investing

According to the April 9, 2007 Dow Jones Financial Information Services article titled – *Private-Equity Fund Raising Continues At Rapid Pace*, following a year that US private-equity firms raised a record amount of money, the record trend continued through the first quarter of 2007 with firms raising \$44.3 billion among 68 funds. This was up 67% from the 46 funds that raised \$26.6 billion in the first quarter of 2006.

The private equity industry broke all previous records in 2006, raising \$246.3 billion in 359 funds. So far in 2007, in addition to the \$44.3 billion raised in the first quarter, some 400 other funds were known to be raising at least another \$130 billion at present, according to the monthly newsletter's database of funds. Private

equity includes buyout and corporate finance funds, venture capital, mezzanine funds and funds of funds.

The buyout side of the private equity industry continued to be the primary focus, representing \$35.2 billion of the total raised in the first quarter. In addition to the buyout funds, 22 venture capital funds raised \$3.8 billion in the first quarter of 2007, down from the \$4.4 billion raised by venture capital firms in the first quarter of 2006. Other private equity, funds of funds, and mezzanine funds were responsible for the balance of \$5.3 billion in the first quarter.

According to the November 23, 2006 Standard & Poor's - *Industry Surveys: Investment Services*, the private equity industry, which comprised venture capital and leveraged buyout funds ("LBO"), raised record amounts of money in 2005 and 2006. LBOs were particularly strong, generating a multitude of M&A advisory activity for investment banks. Generally, institutional investors were attracted to private equity investment since returns were often higher than traditional investments such as stocks and bonds. Buyout funds for instance, realized annual returns of more than 24% in 2004 and 2005 according to Thompson Financial. This contrasted to a return of only 3% for the S&P Composite Stock Index in 2005.

Given the robust investment performance, increased fundraising activity ensued. The Blackstone Group Inc., for example, closed a record \$15.6 billion fund in 2006, while the Texas Pacific Group raised a \$15 billion fund. As a whole, LBOs raised approximately \$160 billion in capital from investors during the first nine months of 2006 according to data provided by Private Equity Intelligence. The industry, overall, was on track to raise \$400 billion in new capital for the full year. As noted, one factor contributing to the growth of LBOs was relatively low interest rates in the U.S. and around the world, making debt financing cheaper than in years past.

As presented in the March 2007 Private Equity Intelligence's (referenced from CNN) - *Big Buyouts Go Global* news article, private equity investors were searching globally for deals, but the U.S. market was also expected to remain strong. Many of the factors contributing to the global boom included: massive amounts of cheap capital, and a desire for more significant returns on the part of investors. More specifically, buyout funds raised \$204 billion worldwide in 2006, up 40% from \$146 billion in 2005. Many characterized the private equity industry as becoming more global today than it had ever been before. In fact, buyout deals accounted for 61% of the deals in the U.S. last year, up from 56% in 2004. Much of this was attributed to the growing competition within the U.S. market, and

the possibilities for greater investment opportunities abroad. Activity in regions such as Britain, Germany, Italy and Spain were representative examples.

Nevertheless, the international market was becoming more and more crowded, even in the once emerging regions such as Asia. As a result, buyout firms sought opportunities in rapidly growing economies such as Brazil and Eastern Europe, where prices were not bid up significantly. Meanwhile, as deal activity was accelerating overseas, U.S. activity was still resilient. Some characterized the U.S. market as mature, but there were opportunities in the market for multi-billion dollar deals where only the largest players could compete.

C. Industry Outlook for Hedge Funds

The investment management industry includes mutual funds, closed-end funds, unit investment trusts, hedge funds, and other organizations that manage the pooled savings of individuals and organizations. By pooling investors' savings, investment managers provide a number of benefits to investors, such as diversification, reduced risk, lower transaction costs, and professional advice.

According to the HFA,⁵ most hedge funds are highly specialized, relying on the specific expertise of the manager or management team. Due to historically limited regulatory controls, hedge fund managers have considerable flexibility with respect to their investment strategies — the short selling of securities, as well as the use of leverage and derivatives — are all viable alternatives. As a result, a wide variety of techniques are employed across the hedge fund universe, with investment returns, volatility and risk varying enormously across different strategies. Therefore, while some strategies, uncorrelated with the equity markets, may be able to deliver consistent returns with low risk of loss, others may be as or more volatile than mutual fund investments.

Current Outlook: According to the December 2006 Milken Institute's - *Hedge Funds: Risks and Returns in Global Capital Markets* analysis, unlike hedge funds, mutual funds were widely available to the public and had to be registered with the Securities and Exchange Commission ("SEC"). Consequently, mutual funds were limited in the type of investment strategies employed. While mutual funds were highly constrained, hedge funds were typically set up as limited partnerships and were not inhibited by regulatory limitations on their investment strategies. More recently, however, with the ongoing dialogue about the impact of hedge funds on global financial stability, and with broader debate on the need for industry regulation, studies trying to ascertain the effects of hedge funds on the broader

⁵ Hedge Fund Association, www.thehfa.org.

financial markets (i.e. systematic or market risk), have quite often been less than successful.

More broadly, from 1981 to June 2006, the hedge fund industry recorded continuous and rapid growth, with the recent exception being over the first half of 2006. In addition, over this period, the number of new funds grew at an average annual rate of 30%, while total assets advanced at an average annual rate of 47%. In terms of sheer size, the average size of a hedge fund in 2005 was \$129 million. By June 2006, this figure stood at \$150 million. Nevertheless, as noted, in spite of the strong historical long-term growth figures, during the first six months of 2006, the net change in the number of funds declined quite sharply. As such, with 381 new funds entering the market, as 462 were exiting, this resulted in a net decline of 81 funds as of June 2006.

The list of strategies which hedge funds utilized was quite extensive. A brief synopsis of each is provided below:

- Fund of funds (multistrategies) – Invested in a wide range of hedge funds and mutual funds, leading to broader diversification;
- Long/short Equity – Acquired certain stocks long and sold others short, so that net positions were supported by relative value rather than the absolute value of the security;
- Fund of funds – Invested in hedge funds and mutual funds with a specific strategy rather than multiple strategies;
- Event-driven – Undertook significant positions in a limited number of companies with special situations, such as distressed stocks, mergers and takeovers;
- Market-neutral – Sought to take advantage of differences in stock prices by being long and short in stocks within the same sector, industry, market capitalization, etc. In effect, this created a hedge against broader market factors;
- Commodity trading advisor – acquired or sold commodity futures or option contracts;
- Multistrategy – utilized several strategies to produce returns;

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- Global – Based investment strategies on overall economic and political views of various countries, including emerging markets, Asian countries, and Eastern European countries to name but a few;
- Macro – Utilized investment strategies based on macroeconomic principles, such as relative performance of country, interest rate trends, changes in general flow of funds, etc.;
- Sector – Formed investment strategies on specific sectors, such as bio-tech, technology, and defense for instance;
- Directional – Focused on investment strategies on long or short positions only.

According to the April 2007 Market Watch report, *Hedge Funds Raise Record \$60 Bln in First Quarter*, hedge funds took in a record \$60 billion in new money during the first quarter of 2007 as institutions and rich individuals continued to be attracted to the industry. Inflows were almost four times greater than in the fourth quarter of 2006, as the collapse of Amaranth Advisors briefly dented interest in hedge funds. The previous record was set in the third quarter of last year, when funds pulled in \$44.5 billion in new money. At the end of the first quarter industry assets stood at \$1.568 trillion.

Equity hedge funds, which invest in and bet against stocks, raised \$20.3 billion in new money during the first quarter. That's the largest quarterly inflow ever recorded for a single strategy. Relative-value arbitrage hedge funds took in \$10.3 billion in new assets in the quarter, making that strategy the second-most popular. Every other major strategy recorded a positive flow for the quarter. Funds of funds, which allocate money to a range of underlying managers, saw net new flows of \$8 billion in the quarter, marking the fifth straight quarter of positive inflows for the category.

Recent Public Offerings by Hedge Managers: According to the February 9, 2007 CNNMoney.com article, *Fortress Execs Hit \$10 Billion Jackpot*, Fortress Investment made history becoming the first hedge fund in the country to go public on February 9, 2007 delivering nearly \$10 billion in value to its five principals. Shares of Fortress spiked in their first day of trading, giving the firm the best first-day pop for an IPO in 2007 at a market capitalization of about \$12.4 billion. Fortress raised \$634 million in its stock debut.

According to the April 2, 2007 Fortune article, *Predicting the Next Big Hedge Fund IPO*, six weeks after Fortress made history as becoming the first hedge fund to trade on the New York Stock Exchange, Blackstone Group followed suit by announcing their plans to raise \$4 billion in an upcoming IPO. Along with Black Stone other leading contenders among hedge funds expected by Wall Street to announce plans for an IPO were Avenue Capital, Perry Capital and the Citadel Investment Group. Each of these firms control more than \$10 billion in assets and Avenue Capital and Perry Capital have recently diversified into private equity and real estate, providing the growth profile prized by public investors.

Avenue Capital's founder Marc Lasry has been open about his intentions to take the company public. A distressed-investment specialist, Lasry is best known for making a killing in Asian markets following the debt crisis of the late 1990s. Last year the \$12 billion hedge fund sold a 20 percent stake to Morgan Stanley, a move the banker described as the "first step before going to an IPO".

Perry Capital, which runs \$11 billion in assets, was another likely candidate, according to investment banking and hedge fund sources. While the fund once played its cards close to the vest, founder Richard Perry has recently been involved in several high-profile deals - backing Hollywood moguls Harvey and Bob Weinstein in their new movie studio and helping finance the takeover of English soccer club Manchester United by Tampa Bay Buccaneers owner Malcolm Glazer.

Citadel, the \$13 billion Chicago-based hedge fund led by 38-year-old Ken Griffin. Last year Citadel became the first hedge fund to issue publicly traded bonds, proving its ability to withstand investor scrutiny.

D. Outlook for Management Companies, Advisor Companies, & Partnership

The outlook for the Management Companies was dependent upon the performance of the underlying funds and their respective management companies. Fund III was in dissolution at the Valuation Date and Fund IV was preparing to liquidate its remaining assets. The remaining funds are in the investment process and therefore, the capital under management is projected to increase going forward.

The Partnership's outlook was dependent on that of that Management Companies' and thus mirrors that of the underlying funds. At the Valuation Date, AMHLP was close to securing a \$1.0 billion credit facility. The proceeds of the loan, which will be denominated in Euros or dollars, would be used primarily to pay dividends to the partners of AMHLP and would be secured by the assets of the Management Companies. The interest rate of the Eurodollar loans will be the daily Eurodollar rate plus the applicable margin rate of 1.5%. The interest rate on the

ABR term loans, for any day, will be the greater of (a) the prime rate in effect on such day or (b) the federal funds effective rate in effect on such day plus one-half of 1% and the applicable margin rate of 0.5%.

Valuation of Management Companies, Advisor Companies, & AMHLP

The purpose of the valuation section is to incorporate the information considered and/or presented previously into a quantitative representation, thus assigning a value to the ownership privileges of the closely-held entity. The valuation methodology reflects the analyst's expectation of how free and open capital markets would assign value to the economic activities of the business asset under analysis.

A. Valuation Methodologies

There are a number of generally accepted methods in use for valuing a closely-held business asset, none of which is necessarily superior to the others. It is more a question as to which of the methods or combination of methods is best suited to the business, industry, and economic circumstances of the particular company being appraised at a specific valuation date. The purpose of the engagement and the percentage of equity being valued are additional factors to be considered when selecting a valuation method.

The following discussion summarizes the most generally accepted valuation methods.

Capitalization of Income Method: The capitalization of income method utilizes historical results to determine the value of a company's owners' capital. An income base is first derived, and then divided (i.e., capitalized) by a separately computed required rate of return, or capitalization ("cap") rate. The income base can be defined variously as a company's adjusted earnings, cash flows, or dividends. For the cap rate to be appropriate, it must correspond to the specific inputs used in developing the income base.

Generally, this method is considered a reasonable one to use in valuing a going concern. However, its application weakens when a company's historical income, even when adjusted, is not considered to be a good proxy for that expected in the future.

Since many of the Management Companies' and Advisor Companies' historical cash flows are not a good proxy for future cash flows, and several of them are very new or just being formed, this methodology was not employed in valuing the Management Companies and Advisor Companies. Further, AMHLP itself was only

recently formed and did not have a long history. Therefore, this methodology was not employed in valuing a limited partnership interest in AMHLP.

Guideline Company Method: The objective of the guideline company valuation technique is to identify business entities that have publicly traded securities, and business and financial risks which are comparable to those of the entity being valued. The pricing multiples of the selected public companies are then used to derive a market value for the company under analysis.

This methodology was not applied in valuing the Management Companies for a number of reasons including the facts that certain entities did not receive carried interest profits from their funds (an important income source), and many of these entities were significantly different in expected life and size relative to the publicly-traded companies identified. However, betas for companies in similar lines of business were used to derive the required rate of return for limited partnership interests in the Management Companies and Advisor Companies and this methodology was used as a reasonableness test for some of the Management Companies where sufficiently similar companies were identified. This methodology was not applied directly in valuing the Partnership in aggregate for the reasons above. Further, this method was used as a reasonableness test for some of the Management Companies.

Guideline Transaction Method: Similar to the guideline company method, the objective of the guideline transaction valuation technique is to identify firms that have been acquired, and that have business and financial risks that are comparable to those of the subject company. The pricing multiples implied by the selected transactions are then used to derive a market value for the capital of the company under analysis.

Using several transaction databases, a search was conducted for acquisitions of companies similar to the Management Companies, the Advisor Companies, and the Partnership; however, none were found that were appropriate to use in a guideline transaction approach. Also, it should be noted that the interests in question are minority, limited partnership interests that do not have the ability to sell either the Management Companies, Advisor Companies, the Partnership, or their assets in aggregate, while the multiples derived from the databases are on a controlling interest basis and often incorporate synergies expected by the buyer. Therefore, this methodology was not applied in valuing limited partnership interests in the Management Companies, Advisor Companies, or AMHLP.

Discounted Future Income Method: The discounted future income method can use cash flows or earnings ("DFE") as a basis to forecast the income which the

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business will generate. Thereafter, an aggregate present value is calculated for the future cash flows using a required rate of return known as the discount rate. The strength of this method is that it facilitates the analysis of operational practices and their impact upon the business' value. Its weakness, however, is that it relies heavily upon projections of cash flows or net income which, for some firms, are difficult to make with any accuracy.

Management provided earnings projections for each of the underlying fund companies and advisors. As such, the DFE methodology was used to value limited partnership interests in the underlying management companies and advisors as of the Valuation Date. However, the DFE method was not used to value the Partnership since it was primarily a holding entity, the value of which is reflected in the value of its underlying assets.

Net Asset Value Method: NAV is a method that focuses primarily on the balance sheet. It requires restatement of the company's assets and liabilities in order to reflect their market values. Application of this method is most useful in determining a fully marketable controlling interest (i.e., enterprise) value. However, the method's relevance generally weakens when valuing a minority or other ownership interest in a going concern which lacks the right to liquidate assets or sell the business. Exceptions are when liquidation of the business is considered highly probable, when the realizable value of its assets equals, or exceeds, the value of its distributions to its owners, or when the company's value is tied directly to the value of its underlying investments.

Adjusted book value ("ABV") is a variant of NAV. It is usually used in the valuation of holding companies whose main assets are publicly traded securities or other investment assets such as real estate, notes receivable, partnership interests, or equity investments in other business enterprises. ABV is distinguished from the traditional NAV method in that it does not consider the transaction or liquidation costs necessary to realize the cash value of the holding company's underlying assets.

This methodology was not applied in valuing the Management Companies and Advisor Companies because the values of the Management Companies and Advisors were derived from their earnings rather than their underlying assets.

AMHLP's value, however, its value is derived from the operations and income from the underlying operating entities. Those Management Companies and Advisors were valued, as discussed above. Therefore, the ABV methodology was used to value a limited partnership interest in AMHLP.

B. Outline of Valuation Process

A DFE analysis was conducted for each of the Management Companies and Advisor Companies using projections provided by management and rates of return calculated by Empire. The guideline company methodology provided some benchmarks for aiding in the establishment of a rate of return, as well as a reasonableness test for the Capital Markets Funds. A pass-through premium was considered due to the fact that there are no income taxes at the Management Companies' and Advisor Companies' level and a lack of marketability discount was applied. LBFH's economic interest in AMHLP was then calculated. The economic interest in AMHLP received by LBFH was then valued using an ABV analysis. Thereafter, an incremental discount for lack of control and lack of marketability were applied to arrive at the fair market value of LBFH's limited partnership interest in AMHLP.

C. Discounted Future Earnings Analysis

Modern financial theory holds the value of any asset to be a function of several interrelated factors:

- The stream of benefits the owner of the asset expects to receive;
- The timing of the receipt of these benefits; and
- The risk borne by the owner.

Thus, appraisal methodologies rely on the premise that the value of a business enterprise is equal to the present value of the income that it can expect to generate going forward. From an investor's standpoint, these future income streams represent the dividend-paying (i.e., distribution-paying) capacity of the company or, in the case of a leveraged company, monies available for all invested capital (i.e., interest-bearing debt plus owners' capital).

In order to complete a DFE analysis, it is necessary to develop an explicit forecast for each Management Companies' and Advisor Companies' earnings together with a required rate of return by which they can be discounted back to their present value.

Projected Future Earnings: Exhibits A-1 through A-13 shows the projections for each of the Management Companies as they were provided to Empire by management. Exhibits A-14 through A-16 shows the projections for each of the Advisor Companies as they were provided to Empire by management.

The key assumptions for the inputs were:

Existing Funds

- Fund III was in dissolution and it was not forecast to collect any management fees in 2007 or thereafter.
- Fund IV's adjusted invested capital was forecast to slowly decline until termination of Fund IV in 2010.
- Fund V's adjusted invested capital was forecast to increase and reach a peak of \$1.7 billion in 2007 and then decline to zero by 2011.
- Fund VI's adjusted invested capital was forecast to reach a peak of \$9.1 billion in 2009, then decline through 2011.
- AIM's adjusted invested capital was forecast to increase to \$6.0 billion in 2011, then grow in line with its long-term growth rate.
- VIF's adjusted invested capital was forecast to increase to \$894.5 million in 2011, then grow in line with its long-term growth rate.
- SVF's adjusted invested capital was forecast to increase to \$3.6 billion in 2011, then grow in line with its long-term growth rate. SVFMLP collects management fees from both SVF and SOMA. The SOMA Fund is a managed account that invests in the same investments as SVF, but pays a lower carried interest.
- SVF Advisors' carried interest and direct investment profit were calculated as previously discussed.
- AAO's adjusted invested capital was forecast to increase to \$622.1 million in 2011, then grow in line with its long-term growth rate.
- Asia Advisors' carried interest and direct investment profit were calculated as previously discussed.
- AEM's adjusted invested capital was forecast to increase to \$2.7 billion in 2011, then grow in line with its long-term growth rate.
- AAA's adjusted invested capital was forecast to increase to \$4.0 billion in 2011, then grow in line with its long-term growth rate.

- The management fee was based upon the formulas outlined previously in this report.
- Operating expenses were projected by management based upon historical and current performance and expected winding down of the various funds in the next few years. A 45% operating expense ratio is applied against carried interest income as well because this expense represents a compensation expense against fee income that is paid to approximately ten partners who do not have a direct ownership interest in AMHLP. Since these amounts have been historically paid before profits flow to AMHLP, the historical financial statements of AMHLP do not show this specific compensation expense. Given that the carry income in management's projections is before this compensation expense, Empire has included it as operating expenses, to more closely align with the economic reality of the cash flows.

Goodwill

When individual operating entities are combined into a single larger entity that is expected to grow based on various factors including the knowledge and experience of key people, their overall reputations, and their ability to develop new businesses within the larger entity, a form of "going-concern" value is created. This is frequently referred to as "goodwill" where this going-concern value has existed for some period of time.

As the individual entities related to the management companies are combined into AMHLP, this newly created going-concern/goodwill value needs to be accounted for. This value, in effect, is a result of the key partners' experiences and abilities to drive the growth of the business via their creative and business efforts. In essence, these partners, by committing to remain with, run and develop the business over time, are contributing this going-concern/goodwill component to AMHLP. Without them, this value would likely be significantly diminished.

Included in the projections provided by management were various future/to-be-created funds on both the private equity and capital markets sides of the business. It was concluded that the more near-term future fund projections reasonably represented the bulk of the likely going-concern/goodwill values attributable to AMHLP as a consolidated entity. The private equity funds slated for startup in 2011 and later were, however, concluded to be too speculative given the state of the structure of the company currently, the market risks related to such fund projections, and other factors to be included in this analysis.

It was also concluded that the value of this going-concern/goodwill value was primarily the result of the contribution of the services of the three primary partners to the entity.

Therefore, the analysis reflects both the valuation of these future earnings and the allocation of those values to Mr. Black in amounts considered reasonably consistent with his interests in similar underlying existing funds.

Several funds valued fall into this category: Fund VII, EPF, and New Funds and its respective Advisors were not formed at the Valuation Date. However, LB and the other partners expected to form them in the near future and, therefore, they were considered contributed goodwill by them. With regards to each of these goodwill entities:

- Fund VII's adjusted invested capital was forecast to reach a peak of \$15.2 million in 2011, then decline through 2016.
- Fund VII Advisors' carried interest and direct investment profit were calculated as previously discussed.
- EPF was projected to start up in 2007 and invested capital was forecast to increase to \$3.7 billion in 2011, then grow in line with its long-term growth rate.
- EPF Advisors' carried interest and direct investment profit were calculated as previously discussed.
- New Fund was projected to start up in 2008 and invested capital was forecast to increase to \$3.1 billion in 2011, then grow in line with its long-term growth rate.
- New Fund Advisors' carried interest and direct investment profit were calculated as previously discussed.
- The management fee was based upon the formulas outlined previously in this report.
- Operating expenses were projected by management based upon historical and current performance and expected winding down of the various funds in the next few years. A 45% operating expense ratio is applied against carried interest income as well because this expense represents a compensation

expense against fee income that is paid to approximately ten partners who do not have a direct ownership interest in AMHLP. Since these amounts have been historically paid before profits flow to AMHLP, the historical financial statements of AMHLP do not show this specific compensation expense. Given that the carry income in management's projections is before this compensation expense, Empire has included it as an operating expense, to more closely align with the economic reality of the cash flows.

After subtracting operating expenses, pre-tax income for the various Management Companies and Advisor Companies was then tax-affected at a 42% rate. A discussion of the income tax variable is presented in the Valuation section of this report, in conjunction with an argument for a pass-through premium.

Derivation of the Required Rate of Return: The discount rate selected represents the required rate of return that an investor would demand at a point in time in order to invest in each of the Management Companies. The selected rates would need to account for the inherent risks associated with the Management Companies and Advisor Companies.

Weighted Average Cost of Capital: The discount rate, or the rate of return that investors require, incorporates the following elements:

- A "risk-free rate," which generally is the rate available on instruments considered to have no default risk, such as U.S. Treasuries. The risk-free rate compensates the investor for renting out their money and for the expected loss of purchasing power (inflation) during the holding period.
- A premium for risk, which incorporates the degree of uncertainty as to the realization of the expected return. The risk premium includes: (1) systematic risk related to the movements in returns on the investment market in general; and (2) unsystematic risk, which is risk specific to the subject investment.
- A company's cost of debt.
- A company's capital structure, i.e. the percentage of total invested capital that is debt and equity.

This discount rate, or weighted average cost of capital ("WACC"), reflects current rates of return seen in the public capital markets plus a number of company- and industry-specific factors. Two benchmarks have been developed to assist in selection of the discount rate for the Management Companies and Advisor

Companies. These benchmarks are the build-up and Capital Asset Pricing Model (“CAPM”) methods.

In order to determine an appropriate required rate of return, i.e. discount rate, for the Management Companies and the Advisor Companies, return information from Ibbotson and general market rates of return were considered.

Cost of Equity: The two benchmark methods were reviewed separately in order to derive the Partnership’s cost of equity.

Build-Up Method: The expected equity discount rate to be derived for an entity represents the required rate of return that an investor would demand at a point in time in order to hold its equity. This expected equity discount rate incorporates an expected equity risk premium, which can be defined as the additional return an investor expects to receive to compensate for the additional risk associated with investing in equities as opposed to investing in riskless assets.

The expected equity risk premium is an essential component of most cost of equity estimation models, including the CAPM and build-up approach. It is important to note that the expected equity risk premium, as used in standard valuation models, is a forward looking concept, i.e., it should reflect the best estimate of what investors think the equity risk premium will be going forward. Unfortunately, the expected equity risk premium is not directly observable in the market, but must be estimated by analyzing and adjusting historical equity return data. [See *Stocks, Bonds, Bills and Inflation, Chapter Five*, Ibbotson Associates⁶]

Ibbotson Associates (“Ibbotson”) analyzes and presents historical annual equity rate of return data.⁷ Ibbotson considers historical equity returns and long term trends in price/earnings (“P/E”) ratios. The expected equity risk premium should also consider the impact of investment horizon on realized equity premiums; specifically the arithmetic mean of multi-year holding periods differs from and is lower than the arithmetic mean of one-year holding periods based upon historical equity returns. According to Ibbotson’s studies, the expected return of the market (specifically the S&P 500) in excess of the risk-free rate (the equity risk premium) based on a study of actual returns of one-year holding periods from January 1926 to December 2005, is 6.36%⁸. Given the aforementioned data and other analysis, Empire has selected a 6.0% expected equity risk premium as appropriate as of the Valuation Date.

⁶ *Stocks, Bonds, Bills and Inflation: Valuation Edition 2006 Yearbook*, Ibbotson Associates, 2006, Chicago, Illinois.

⁷ *Ibid.*

⁸ *Ibid.*, Supply Side Equity Risk Premium, Table 5-6, page 98.

Ibbotson also identifies a mid-company premium based on a market value-weighted index of mid-capitalization stocks (non-beta adjusted) which trade on the NYSE, the AMEX and the NASDAQ. This latter 1.03% premium recognizes that equity holders demand higher returns from companies that are riskier by virtue of their smaller revenue base and capitalization. As of December 2005, Ibbotson identified mid-capitalization stocks as stocks of companies with market capitalizations of up to \$4.1 billion (decile 4 of a size-weighted portfolio of NYSE, AMEX and NASDAQ publicly traded companies)⁹. A mid-capitalization premium was used because we are valuing AMHLP as a whole. Since the risk-free rate (using twenty-year Treasuries as a proxy) was 4.98% at the Valuation Date, the total required return for mid-capitalization companies was 12.01%. Please see Exhibit B-1.

CAPM: As noted, the Management Companies and Advisor Companies' cost of equity estimate has also been developed with the CAPM. The CAPM is a model that is commonly used to obtain discount rates for valuation purposes. The basic logic of the CAPM model is that a project's risk premium is determined by the sensitivity of its cash flows to changes in aggregate wealth ("systematic risk," measured by *Beta*). This model has been one of the primary underpinnings of applied work in finance due to its simple, intuitive logic and ease of application.

The model used to develop our estimates of cost of equity is as follows:

$$K_e = R_f + R_p (\beta) + R_{sm}$$

Where:

K_e	=	Cost of Equity
R_f	=	Risk free rate of return
R_p	=	Market Risk Premium
R_{sm}	=	Mid-Sized Company Risk Premium
β	=	Sensitivity of the security to changes in the market

The cost of equity, K_e was identified based upon publicly available information. *Betas* of a group of selected U.S.-traded guideline companies were obtained from the Bloomberg Network. These firms are in similar lines of business to those of the Management Companies. Since we are measuring the management fee income portion of the business, we selected companies that earn much of their fees from management rather than management and carry income. Brief descriptions of these companies are provided in Exhibit B-2. The betas were first unlevered based upon

⁹ *Ibid*, Chapter Seven, Table 7-3, page 133.

the respective firms' capital structures, then relevered based upon the Management Companies and Advisor Companies' expected long-term debt-to-equity ratio. The debt-to-equity ratio utilized for the Management Companies and Advisor Companies was 20% debt to 80% equity and was based upon the range of debt-to-equity ratios of the public companies. Please see Exhibits B-3 and B-4.

The resulting cost of equity of 11.51% is based upon a (unlevered) selected beta factor of 0.80 and capital structure of 20% debt and 80% equity for the Management Companies and 10.81% for the Advisor Companies is based upon an unlevered selected beta factor of 0.80 and a capital structure of 0% debt and 100% equity. Please see Exhibits B-5 and B-6. The 15% debt and 85% equity capital structure was selected despite the Management Companies efforts to secure additional financing for reasons which include, but are not limited to the following factors: (1) the additional debt is related to specific dividends that will be paid and therefore does not have a major impact on the business; (2) debt will likely be repaid within several years and is not a long-term change to capital structure; and (3) the sample of companies used to calculate the beta had low leverage levels, indicating there was not a lot of room in the market for additional leverage. The Advisor Companies 0% debt and 100% equity capital structure was selected because the Advisor Companies are not obligated to repay the debt that will be borrowed.

Derived Base Cost of Equity: Taking all of these factors into account, the base cost of equity selected for the Management Companies is as follows.

Table III
Management Companies Equity Discount Rate

Method	Equity Rate
Build-Up	12.01%
CAPM	11.51%
Selected Base Equity Rate	11.80%

Derived Base Cost of Equity: Taking all of these factors into account, the base cost of equity selected for the Advisor Companies is as follows.

Table IV
Advisor Companies Equity Discount Rate

Method	Equity Rate
Build-Up	12.01%

CAPM	10.81%
Selected Base Equity Rate	12.00%

The difference in the concluded base equity rate for Advisor Companies is attributed to a debt to equity structure of 0% debt and 100% equity.

Market Indices and Benchmarks: Rates of return observed in the broader market were reviewed and considered. These rates are shown in Table V below.

Table V
Summary of Required Rates of Return

Source	Required Rate of Return
20-year U.S. Treasury Rate (risk-free rate) ¹⁰	4.98%
Prime Rate ¹¹	8.25%
Large Cap Stocks ¹²	10.98%
Small Cap Stocks ¹³	17.34%

Company/Industry Specific Risk Adjustments: In order to reflect each Management Company's specific industry and partnership risks, an additional risk adjustment must be considered for application to the equity discount rate of 11.80% as discussed above. This adjustment considers, among other factors:

¹⁰ Federal Reserve Statistical Release H.15.

¹¹ *Ibid.*

¹² *Stocks, Bonds, Bills and Inflation: Valuation Edition 2006 Yearbook*, Ibbotson Associates, 2006, Chicago, Illinois. For large capitalization stocks the calculation is a sum of the risk-free rate and the expected returns of 6.0% realized on large capitalization stocks over the risk-free rate. Small capitalization stocks, which are riskier by virtue of their smaller revenue and income base and capitalization, have returned an additional 6.36% above the return witnessed for large capitalization stocks.

¹³ *Ibid.*

Table VI
Management Companies' Adjustment Factors

Attribute*	AMIII	AMIV	AMV	AMVI	AMVII	AIM	VIF	ASVF	AAM	AEM	AAA	EPF	NF
Fund is in liquidation	X												
Ability to exit investments	X	X	X	X	X	X	X	X	X	X	X	X	X
Reliance on key personnel	X	X	X	X	X	X	X	X	X	X	X	X	X
Restrictions on liquidation	X	X	X	X	X	X	X	X	X	X	X	X	X
Timing of liquidations	X	X	X	X	X	X	X	X	X	X	X	X	X
Smaller Capitalization	X	X	X	X			X	X	X	X	X	X	X
Currency Risk			X			X	X	X	X	X	X	X	X
Concentration in Middle Markets						X	X	X	X	X			
High Projected Growth Rate of AUM						X				X	X	X	X
Net Risk Adjustment	1.0%	0.0%	-2.0%	-2.0%	-1.0%	-0.2%	-1.0%	-1.0%	0.0%	2.8%	3.0%	3.0%	5.0%
Concluded Equity Risk Rate	12.8%	11.8%	9.8%	9.8%	10.8%	11.6%	10.8%	10.8%	11.8%	14.6%	14.8%	14.8%	16.8%

**for presentation purposes, "LP" has been omitted from the Management Companies' name.*

Company/Industry Specific Risk Adjustments: In order to reflect each Advisor Company's specific industry and partnership risks, an additional risk adjustment must be considered for application to the equity discount rate of 12.00% as discussed above. This adjustment considers, among other factors:

**Table VII
 Advisor Companies' Adjustment Factors**

Attribute*	Asia	SVF	Fund VII	EPF	NF
Fund is in liquidation					
Ability to exit investments	X	X	X	X	X
Reliance on key personnel	X	X	X	X	X
Restrictions on liquidation	X	X	X	X	X
Timing of liquidations	X	X	X	X	X
Smaller Capitalization					
Currency Risk	X	X		X	X
Concentration in Middle Markets					
High Projected Growth Rate of AUM				X	X
Net Risk Adjustment	5.0%	5.0%	6.0%	7.0%	10.0%
Concluded Equity Risk Rate, Rounded	17.0%	17.0%	18.0%	19.0%	22.0%

**for presentation purposes, "Advisor" has been omitted from the Advisor Companies' name.*

Cost of Debt: Table VIII presents market-based yields by credit rating as of the Valuation Date.

Table VIII
Market Ratings and Yields
As of April 16, 2007

Rating ¹⁴	Yield
AAA	5.47%
AA	5.57%
A	5.75%
BBB	6.39%
BB	6.77%
B	7.50%
CCC	9.38%
CC	23.51%

Based on a number of factors including but not limited to: (1) a survey of market yields; (2) the nature and history of the Management Companies and Advisor Companies; (3) the expected near-term cost of debt related to the upcoming loan; and (4) the Management Companies and Advisor Companies' asset base upon which to borrow against, a pre-tax cost of debt of 8.0% was selected as reasonable for the Management Companies and Advisor Companies as of the Valuation Date. Therefore, based on a tax rate of 42%, the after tax cost of debt was 4.6% ($0.08 \times [1 - 0.42]$).

Concluded Discount Rate: Additionally, market participants were reviewed in order to develop a WACC-based discount rate for the Management Companies and Advisor Companies. Development of a WACC requires that the cost of debt and the cost of equity for the company be derived separately. These costs are then weighted in proportion to the market value of each component of the entity's capital structure.

The WACC, i.e. discount rate, for the management companies was calculated by using the required rates of return derived for the management companies cost of equity, as derived above, and (after-tax) debt, of 4.6%, weighted by its capital structure. Again, the selected capital structure for the Management Companies and was 15% debt to 85% equity and 0% debt and 100% equity for the Advisor Companies. As shown in Exhibits B-7 through B-24, the Management Companies and Advisors Companies' WACC calculated to be as shown in Table IX on the following page.

¹⁴ Standard & Poor's credit rating scale.

Table IX
WACC

Management / Advisor Companies	WACC, Rounded
AMIIIILP	11.0%
AMIVLP	10.0%
AMVLP	9.0%
AMVILP	9.0%
AMVIIIILP	10.0%
AIM	10.0%
VIFMLP	10.0%
ASVFMLP	10.0%
AAML	10.0%
AEMLP	13.0%
AAALP	13.0%
EPFLP	13.0%
NFMLP	14.0%
Asia Advisor	17.0%
SVF Advisor	17.0%
Fund VII Advisor	18.0%
EPF Advisor	19.0%
New Fund Advisor	22.0%

Summary: The earnings derived from the detailed projections were discounted to their present value as of the Valuation Date for each of the Management Companies and Advisor Companies as detailed on the following page.

Table X
Aggregate Sum of Present Values for
Management Companies and Advisor Companies

Management Companies	Aggregate Value
AMIIILP	\$0
AMIVLP	\$2,668,522
AMVLP	\$10,449,679
AMVILP	\$165,964,329
AIM	\$847,787,711
VIFMLP	\$53,743,677
ASVFMLP	\$242,317,463
SVF Advisor	\$108,464,023
AAMLP	\$38,299,877
Asia Advisor	\$27,449,507
AEMLP	\$404,538,079
AAALP	\$285,367,304
<i>Subtotal Existing Funds</i>	<i>\$2,187,050,171</i>
AMVIIIIP	\$332,858,210
AEPFLP	\$26,792,516
NFMLP	\$108,415,526
Fund VII Advisor	\$439,504,477
EPF Advisor	\$24,176,288
New Fund Advisor	\$83,103,280
<i>Subtotal Goodwill</i>	<i>\$1,014,850,297</i>

See Exhibits A-1 through A-18 for more details.

D. Pass-Through Premium

As previously stated, each of the Management Companies is a limited partnership for federal, state, and local income tax purposes. As such, the absence of taxes at the Partnership level is a consideration in the valuation of its capital. Thus far in this report, a fully marketable, minority interest, "C" corporation ("C-Corp") equivalent value has been derived. In this section of the report a specific pass-through adjustment is calculated for each Management Company and Advisor Company. Based on the analysis of each Management Company and Advisor Company, as outlined in this report, a pass-through adjustment was deemed appropriate.

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Calculation of Pass-Through Adjustment: It is Empire's opinion that the appropriate way to account for a partnership's lack of tax at the partnership level is to, first, value it as a C-Corp and then make a separate, quantifiable pass-through adjustment to derive fair market value. This method starts with the tax affecting of the partnership's earnings at a C-Corp equivalent rate, which allows the value derived from the income approach to be consistent with the required rate of return derived from publicly traded companies (i.e., both on an after-tax basis).

The maximum pass-through adjustment can be represented by the equation $1 \div (1 - \text{tax rate}) - 1$, where the tax rate represents the dividend tax rate. It should be noted that the Management Companies' income is comprised primarily of management fee income which is taxed as regular income. The highest personal federal tax rate was 35% as of the Valuation Date. According to management, partners in this Partnership were generally paying personal taxes on this income at an approximate rate at full federal, state and local blended rate of 42%. This implies a 7% premium over the maximum 35% federal rate for the blended state and local taxes.

Relative to a C-Corp, partnership distributions would not be subject to the dividend distribution taxes that a C-Corp shareholder would pay. Therefore, the resulting savings can be calculated as shown. Under the tax code applicable as of the Valuation Date, the dividend tax rate was 15% at the federal level. In New York State the highest individual tax rate is 6.85%. However, because there is a credit on federal income taxes for any state income tax paid, the effective state rate becomes 4.45% ($6.85\% \times [1 - 35\%]$). Similarly, in New York City the highest individual tax rate is 3.65%. However, because there is a credit on federal income taxes for any local income tax paid, the effective local rate becomes 2.37% ($3.65\% \times [1 - 35\%]$). Adding the federal rate of 15.0% to the effective state and local rates of 4.45% and 2.37% results in a maximum pass-through adjustment of 22%, rounded.

This calculation contains certain simplifying assumptions. As such, certain characteristics may not be captured by this formula alone due to these simplifying assumptions. To the extent that any characteristics have not been accounted for directly in the formula they have been accounted for in the pass-through adjustment selected. Finally, it is important to note that all of the variables used in this valuation process are interdependent (i.e., if one variable is changed, then each of the other variables may need to be modified to reach a reasonable valuation conclusion). For a further discussion of this formula and its underlying assumptions, please see Addendum 4.

Pass-Through Entity Factors: When concluding an applicable pass-through adjustment, there are several specific factors that must be considered. These factors include, but are not limited to: (1) the level of value (control or minority); (2) limitations imposed by a limited partnership agreement concerning the ability of its partners to dissolve or withdraw from the partnership; and (3) the level of distributions compared to the partners' tax liability. The background on each of these factors is discussed in detail in Addendum 4.

**Table XI
 Pass-Through Premium Factors**

Management Company	Level of Value	Agreement	Distributions	Concluded Pass-Through Premium Adjustment
AMIHLP	Minority – Adjustment is warranted	There is limited likelihood that the entity would lose its pass-through status unless it was sold to a publicly traded C-corporation or the tax laws were changed regarding these types of entities, which is unlikely. Lower adjustment is warranted.	Fund III is liquidating and could not be expected to continue historical dividend policy. Further, AMH was expected to take on \$1 billion in debt service responsibilities. This will require a reduction in distributions to the partners, whether there is profit or not. The partnership's GP may also elect not to distribute income even when it has such income, resulting in the same issue described above. Lower adjustment is warranted.	N/A
AMIVLP	Minority – Adjustment is warranted	There is limited likelihood that the entity would lose its pass-through status unless it was sold to a publicly traded C-corporation or the tax laws were changed regarding these types of entities, which is unlikely. Lower adjustment is warranted.	Fund IV is close to liquidating and could not be expected to continue historical dividend policy. Further, AMH was expected to take on \$1 billion in debt service responsibilities. This will require a reduction in distributions to the partners, whether there is profit or not. The partnership's GP may	15.0%

Management Company	Level of Value	Agreement	Distributions	Concluded Pass-Through Premium Adjustment
			also elect not to distribute income even when it has such income, resulting in the same issue described above. Lower adjustment is warranted.	
AMVLP	Minority – Adjustment is warranted	There is limited likelihood that the entity would lose its pass-through status unless it was sold to a publicly traded C-corporation or the tax laws were changed regarding these types of entities, which is unlikely. Lower adjustment is warranted.	Fund V has paid dividends in the past. Further, AMH was expected to take on \$1 billion in debt service responsibilities. This will require a reduction in distributions to the partners, whether there is profit or not. The partnership's GP may also elect not to distribute income even when it has such income, resulting in the same issue described above. Lower adjustment is warranted.	15.0%
AMVILP	Minority – Adjustment is warranted	There is limited likelihood that the entity would lose its pass-through status unless it was sold to a publicly traded C-corporation or the tax laws were changed regarding these types of entities, which is unlikely. Lower adjustment is warranted.	Fund VI paid dividends which were not sufficient to cover tax liabilities. Further, AMH was expected to take on \$1 billion in debt service responsibilities. This will require a reduction in distributions to the partners, whether there is profit or not. The partnership's GP may also elect not to distribute income even when it has such income, resulting in the same issue described above. Lower adjustment is warranted.	15.0%
AMVIILP	Minority –	There is limited	Fund VII was recently	15.0%

Management Company	Level of Value	Agreement	Distributions	Concluded Pass-Through Premium Adjustment
	Adjustment is warranted	likelihood that the entity would lose its pass-through status unless it was sold to a publicly traded C-corporation or the tax laws were changed regarding these types of entities, which is unlikely. Lower adjustment is warranted.	formed and it was unknown when it will have cash flow available for distribution. Lower adjustment is warranted.	
AIMLP	Minority – Adjustment is warranted	There is limited likelihood that the entity would lose its pass-through status unless it was sold to a publicly traded C-corporation or the tax laws were changed regarding these types of entities, which is unlikely. Lower adjustment is warranted.	AINV has a history of making distributions that were more than sufficient for tax liabilities. However, AMH was expected to take on \$1 billion in debt service responsibilities. This will require a reduction in distributions to the partners, whether there is profit or not. The partnership's GP may also elect not to distribute income even when it has such income, resulting in the same issue described above. Given the history of distributions, a higher adjustment is warranted.	20.0%
VIFMLP	Minority – Adjustment is warranted	There is limited likelihood that the entity would lose its pass-through status unless it was sold to a publicly traded C-corporation or the tax laws were changed regarding these types of entities, which is unlikely. Lower adjustment is warranted.	VIF has a history of making distributions that were more than sufficient for tax liabilities. However, AMH was expected to take on \$1 billion in debt service responsibilities. This will require a reduction in distributions to the partners, whether there is profit or not. The partnership's GP may also elect not to distribute income even	20.0%

Management Company	Level of Value	Agreement	Distributions	Concluded Pass-Through Premium Adjustment
			when it has such income, resulting in the same issue described above. Given the history of distributions, a higher adjustment is warranted.	
ASVFMLP	Minority – Adjustment is warranted	There is limited likelihood that the entity would lose its pass-through status unless it was sold to a publicly traded C-corporation or the tax laws were changed regarding these types of entities, which is unlikely. Lower adjustment is warranted.	SVF paid dividends which were not sufficient to cover tax liabilities. Further, AMH was expected to take on \$1 billion in debt service responsibilities. This will require a reduction in distributions to the partners, whether there is profit or not. The partnership’s GP may also elect not to distribute income even when it has such income, resulting in the same issue described above. Lower adjustment is warranted.	15.0%
SVF Advisor	Minority – Adjustment is warranted	There is limited likelihood that the entity would lose its pass-through status unless it was sold to a publicly traded C-corporation or the tax laws were changed regarding these types of entities, which is unlikely. Lower adjustment is warranted.	SVF paid dividends which were not sufficient to cover tax liabilities. Lower adjustment is warranted.	15.0%
AAML P	Minority – Adjustment is warranted	There is limited likelihood that the entity would lose its pass-through status unless it was sold to a publicly traded C-corporation or the tax laws were changed regarding these types of entities, which	AAO did not pay distributions in 2006 and it is not known when it will have cash available for distribution. Further, AMH was expected to take on \$1 billion in debt service responsibilities. This	15.0%

Management Company	Level of Value	Agreement	Distributions	Concluded Pass-Through Premium Adjustment
		is unlikely. Lower adjustment is warranted.	will require a reduction in distributions to the partners, whether there is profit or not. The partnership's GP may also elect not to distribute income even when it has such income, resulting in the same issue described above. Lower adjustment is warranted.	
Asia Advisors	Minority – Adjustment is warranted	There is limited likelihood that the entity would lose its pass-through status unless it was sold to a publicly traded C-corporation or the tax laws were changed regarding these types of entities, which is unlikely. Lower adjustment is warranted.	AAO did not pay distributions in 2006 and it is not known when it will have cash available for distribution. Further, AMH was expected to take on \$1 billion in debt service responsibilities. This will require a reduction in distributions to the partners, whether there is profit or not. The partnership's GP may also elect not to distribute income even when it has such income, resulting in the same issue described above. Lower adjustment is warranted.	15.0%
AEMPLP	Minority – Adjustment is warranted	There is limited likelihood that the entity would lose its pass-through status unless it was sold to a publicly traded C-corporation or the tax laws were changed regarding these types of entities, which is unlikely. Lower adjustment is warranted.	AEM paid dividends which were not sufficient to cover tax liabilities. Further, AMH was expected to take on \$1 billion in debt service responsibilities. This will require a reduction in distributions to the partners, whether there is profit or not. The partnership's GP may also elect not to	15.0%

Management Company	Level of Value	Agreement	Distributions	Concluded Pass-Through Premium Adjustment
			distribute income even when it has such income, resulting in the same issue described above. Lower adjustment is warranted.	
AAALP	Minority – Adjustment is warranted	LP can transfer without consent from other partners. Higher adjustment is warranted.	AAA did not pay distributions in 2006 and it is not known when it will have cash available for distribution. Further, AMH was expected to take on \$1 billion in debt service responsibilities. This will require a reduction in distributions to the partners, whether there is profit or not. The partnership’s GP may also elect not to distribute income even when it has such income, resulting in the same issue described above. Lower adjustment is warranted.	20.0%
AEPFLP	Minority – Adjustment is warranted	Restrictions on transfer unknown as of the Valuation Date, but it is likely it will be similar to other Apollo funds.	EPF has not yet been formed and it was unknown when it will have cash flow available for distribution. Lower adjustment is warranted.	15.0%
NFMLP	Minority – Adjustment is warranted	Restrictions on transfer unknown as of the Valuation Date, but it is likely it will be similar to other Apollo funds.	New Fund has not yet been formed and it was unknown when it will have cash flow available for distribution. Lower adjustment is warranted.	15.0%
Fund VII Advisor	Minority – Adjustment is warranted	Restrictions on transfer unknown as of the Valuation Date, but it is likely it will be similar to other Apollo funds.	Fund VII was recently formed and it was unknown when it will have cash flow available for distribution. Lower adjustment is warranted.	15.0%

Management Company	Level of Value	Agreement	Distributions	Concluded Pass-Through Premium Adjustment
EPF Advisor	Minority – Adjustment is warranted	Restrictions on transfer unknown as of the Valuation Date, but it is likely it will be similar to other Apollo funds.	EPF has not yet been formed and it was unknown when it will have cash flow available for distribution. Lower adjustment is warranted.	15.0%
New Fund Advisor	Minority – Adjustment is warranted	Restrictions on transfer unknown as of the Valuation Date, but it is likely it will be similar to other Apollo funds.	New Fund has not yet been formed and it was unknown when it will have cash flow available for distribution. Lower adjustment is warranted.	15.0%

Conclusion of Pass-Through Adjustment: Taking all of the factors above into consideration, it was determined that an adjustment below the maximum is warranted. Therefore, a reduction in the pass-through adjustment to the concluded rates above was deemed appropriate.

Applying a pass-through adjustment to the previously derived fully marketable minority interest C-Corp equivalent value results in fully marketable minority interest values for the Management Companies and Advisor Companies as shown in Table XII below.

Table XII
Aggregate Fully Marketable Minority Interest Value

Management / Advisor Company	Aggregate Fully Marketable Minority Interest Value
AMIILP	\$0
AMIVLP	\$3,068,801
AMVLP	\$12,017,131
AMVILP	\$190,858,978
AIM	\$1,017,345,253
VIFMLP	\$64,492,412
ASVFMLP	\$278,665,082
SVF Advisors	\$124,733,627
AAML P	\$44,044,859
Asia Advisors	\$31,566,933
AEMLP	\$465,218,791

AAALP	\$342,440,764
<i>Subtotal Existing Funds</i>	<i>\$2,574,452,630</i>
AMVILP	\$382,786,941
Fund VII Advisor	\$439,504,477
AEPFLP	\$30,811,394
EPF Advisor	\$27,802,732
NFMLP	\$124,677,855
New Fund Advisor	\$95,568,772
<i>Subtotal Goodwill</i>	<i>\$1,101,152,171</i>
Total	\$3,675,604,801

Again, please see Exhibits A-1 through A-18.

E. Lack of Marketability (“LOM”)

By definition, equity interests in closely-held business entities cannot be considered as marketable as the equity interests of publicly traded companies.

A number of studies have compared private stock transactions (at the minority interest level) for companies which subsequently went public as well as the discounts applicable to the restricted stocks of public companies. These studies are crucial to valuation theory because: (1) they present empirical proof that a lack of marketability discount exists and is factored into determinations of value in the public markets; and (2) they establish historic ranges for such discounts. The results from the studies, which are summarized in Addendum 5 as an attachment to this report, are consistent, i.e., mean or median lack of marketability discounts typically fall between 25% and 45%. It follows reasonably that, if such lack of marketability discounts can be demonstrated for privately held stock, then lack of marketability discounts should apply equally to all types of closely-held business forms.

In sum, investors reward liquidity. An investor owning equity in a public company can, with relative assurance, sell quickly if he desires to do so and/or situations develop which are not to his liking, and this capability substantially improves value. An investor with ownership in a private company rarely enjoys such liquidity.

In assessing the discount for lack of marketability applicable to a limited partnership interest in the Management Companies and Advisor Companies, a number of specific factors were considered, including the following: (1) the impact of distributions; (2) information access and reliability; (3) the potential of near-term liquidation; and (4) any restrictions on transfer and withdrawal. In addition, a

closer look at the Restricted Stock Studies as they influence a decision for the Management Companies and Advisor Companies was also made.

Table XIII
Attributes to Determine LOM Discount

Management / Advisor Company	Potential of Near-Term Liquidation	Restrictions on Transfer & Withdrawal	Other Factors	Selected Discount for LOM
AMIIILP	Fund III was in dissolution as of the Valuation Date. Therefore, it was likely that AMIIILP will be dissolved shortly after Fund III is dissolved.	As discussed, the AMIIILP GP approval is necessary before an LP may withdraw unless AMIIILP is in dissolution. GP approval is also necessary for transfers of LP interests. At the Valuation Date, Fund III was in dissolution. Supports a discount for LOM toward the lower-to-middle end of the range.	According to projections this fund has no further value.	N/A
AMIVLP	Fund IV was expected to be in dissolution by 2010. Therefore, it was likely that AMIVLP will be dissolved shortly after Fund IV is dissolved. However, at the Valuation Date, it was likely that AMIVLP would receive distributions from a loan. These factors argue for a discount for LOM below the established range.	As discussed, the AMIVLP GP approval is necessary before an LP may withdraw unless AMIVLP is in dissolution. GP approval is also necessary for transfers of LP interests. At the Valuation Date, Fund IV was preparing for dissolution. Supports a discount for LOM toward the lower-to-middle end of the range.	N/A	10%
AMVLP	The probability that AMVLP would be sold prior to its projection period would be considered moderate to low. Fund V was expected to be in dissolution by 2011. Therefore, it was likely that AMVLP will be dissolved only after Fund V is dissolved. Further, at the Valuation Date, it was likely that AMVLP would receive distributions from a loan. These factors would argue for	Approval of the GP is necessary before an LP may withdraw unless AMVLP is in dissolution. GP approval is also necessary for transfers of LP interests. These restrictions support a discount for lack of marketability toward the middle-to-upper end of the range.	N/A	15%

Management / Advisor Company	Potential of Near-Term Liquidation	Restrictions on Transfer & Withdrawal	Other Factors	Selected Discount for LOM
	a discount for LOM below the established range, but higher than that applied to AMIVLP.			
AMVILP	That AMVILP would be sold prior to its projection period would be considered moderate to low. However, at the Valuation Date, it was likely that AMVLP would receive distributions from a loan. These factors would argue for a discount for LOM below the established range, but higher than that applied to AMIVLP.	Approval of the GP is necessary before an LP may withdraw unless AMVILP is in dissolution. GP approval is also necessary for transfers of LP interests. These restrictions support a discount for lack of marketability toward the middle-to-upper end of the range.	N/A	15%
AMVILP	The probability that AMVILP would be sold prior to its projection period would be considered moderate to low. However, at the Valuation Date, it was likely that AMVILP would receive distributions from a loan. This argues for a discount for LOM below the established range, but higher than that for AMVILP.	At the Valuation Date, the fund documents had not been completed. In valuing this interest, management indicated that the documents should be similar to Fund VI. Therefore, based on Fund VI restrictions, a discount for marketability toward the middle-to-upper end of the range appeared reasonable.	Fund VII has not been launched. The possibility existed that Fund VII might not achieve targets if the market worsens significantly.	20%
Fund VII Advisor	The probability that Fund VII would be sold prior to its projection period would be considered moderate to low. This argues for a discount for LOM below the established range, but higher than that for AMVILP.	At the Valuation Date, the fund documents had not been completed. In valuing this interest, management indicated that the documents should be similar to Fund VI. Therefore, based on Fund VI restrictions, a discount for marketability toward the middle-to-upper end of the range appeared reasonable.	Fund VII has not been launched. The possibility existed that Fund VII might not achieve targets if the market worsens significantly. Further, Fund VII	25%

Management / Advisor Company	Potential of Near-Term Liquidation	Restrictions on Transfer & Withdrawal	Other Factors	Selected Discount for LOM
			requires a payment of a preferred return before any payments are made to the carried interest, increasing the risk of the cash flows.	
AIMLP	The chance of an LP recouping his investment through liquidation was not considered to be high during the next several years. AIMLP can only liquidate upon the occurrence of events specified in the Act. Generally, AIMLP was determined to have a perpetual life unless certain actions occur. However, at the Valuation Date, it was likely that AIMLP would receive distributions from a loan. Taking all of these factors into account, the likelihood of AIMLP's near-term liquidation was not considered to be great, thereby arguing for a discount for LOM below the established range, but higher than that for AMVILP.	The AIMLP Partnership Agreement is silent on withdrawal. As such, the Act specifies that withdrawal prior to dissolution is forbidden. Events causing dissolution under the Act were deemed remote. Further, all transfers of partnership interests require the consent of the GP. These restrictions support a discount for lack of marketability toward the middle of the range.	The timing of the cash flows is uncertain since a large portion of the cash flows AIMLP receives will be from incentive fees, which are dependent on the performance of the underlying investments.	15%
VIFMLP	The chance of an LP recouping his investment through liquidation was not considered to be high during the next fifteen years or so. VIFMLP can only be liquidated upon the occurrence of events specified	The VIFMLP Partnership Agreement is silent on withdrawal. As such, the Act specifies that withdrawal prior to dissolution is forbidden. Events causing dissolution under the Act were deemed remote.	The timing of the cash flows is uncertain since a large portion of the cash flows	15%

Management / Advisor Company	Potential of Near-Term Liquidation	Restrictions on Transfer & Withdrawal	Other Factors	Selected Discount for LOM
	<p>in the Act. Generally, VIFMLP was determined to have a perpetual life unless certain actions occur. However, at the Valuation Date, it was likely that VIFMLP would receive a one-time distribution from a loan. Taking all of these factors into account, the likelihood of VIFMLP's near-term liquidation was not considered to be great, thereby arguing for a discount for LOM below the established range, but higher than that for AMVILP.</p>	<p>Further, all transfers of partnership interests require the consent of the GP. These restrictions support a discount for lack of marketability toward the middle of the range.</p>	<p>VIFMLP receives will be from incentive fees, which are dependent on the performance of the underlying investments.</p>	
ASVFMLP	<p>The chance of an LP recouping his investment through liquidation was not considered to be high during the next fifteen years or so. ASVFMLP can only liquidate upon the occurrence of events specified in the Act. Generally, ASVFMLP was determined to have a perpetual life unless certain actions occur. However, at the Valuation Date, it was likely that ASVFMLP would receive distributions from a loan. Taking all of these factors into account, the likelihood of ASVMLP's near-term liquidation was not considered to be great, thereby arguing for a discount for LOM below the established range, but higher than that for AMVILP.</p>	<p>The ASVFMLP Partnership Agreement is silent on withdrawal. As such, the Act specifies that withdrawal prior to dissolution is forbidden. Events causing dissolution under the Act were deemed remote. Further, all transfers of Partnership interests require the consent of the GP. These restrictions support a discount for lack of marketability toward the middle of the established range.</p>	<p>The timing of the cash flows is uncertain since a large portion of the cash flows ASVFMLP receives will be from management fees, which are dependent on the underlying investment environment.</p>	15%
SVF Advisors	<p>The chance of an LP recouping his investment through liquidation was not considered to be high during</p>	<p>There was no agreement in place, but it is believed to be similar to ASVFMLP. Therefore, these restrictions</p>	<p>The timing of the cash flows is uncertain</p>	20%

Management / Advisor Company	Potential of Near-Term Liquidation	Restrictions on Transfer & Withdrawal	Other Factors	Selected Discount for LOM
	<p>the next fifteen years or so. SVF can only liquidate upon the occurrence of events specified in the Act. Taking all of these factors into account, the likelihood of SVF Advisors' near-term liquidation was not considered to be great, thereby arguing for a discount for LOM below the established range, but higher than that for ASVFMLP.</p>	<p>support a discount for lack of marketability toward the middle of the established range.</p>	<p>since a large portion of the cash flows SVF Advisors receives will be from incentive fees, which are dependent on the performance of the underlying investments.</p>	
AAMLPL	<p>The chance of a limited partner recouping his investment through liquidation was considered to be low during the next five years or so. AAO was expected to continue indefinitely. AAMLPL was created to act as the manager of AAO. Therefore, it was likely that AAMLPL will be dissolved only after AAO is dissolved. However, at the Valuation Date, it was likely that AAMLPL would receive distributions from a loan. Taking all of these factors into account, the likelihood of AAMLPL's near-term liquidation was not considered to be great, thereby arguing for a discount for LOM below the established range, but higher than that for ASVFMLP.</p>	<p>The AAMLPL Partnership Agreement states GP approval is necessary for transfers of limited partnership interests. These restrictions support a discount for lack of marketability toward the upper-to-middle of the established range.</p>	<p>At the Valuation Date, AAO was in the process of being formed. Empire believed there was additional risk due to the area where AAO planned to invest and market conditions.</p>	20%
Asia Advisors	<p>The chance of a limited partner recouping his investment through liquidation was considered to be low</p>	<p>There was no agreement in place, but it is believed to be similar to AAMLPL. Therefore, these restrictions</p>	<p>At the Valuation Date, AAO was in the</p>	20%

Management / Advisor Company	Potential of Near-Term Liquidation	Restrictions on Transfer & Withdrawal	Other Factors	Selected Discount for LOM
	<p>during the next five years or so. AAO was expected to continue indefinitely. Asia Advisors was created to receive the incentive fees from AAO. Therefore, it was likely that Asia Advisors will be dissolved only after AAO is dissolved. Taking all of these factors into account, the likelihood of Asia Adviors' near-term liquidation was not considered to be great, thereby arguing for a discount for LOM below the established range, but higher than that for ASVFMLP.</p>	<p>support a discount for lack of marketability toward the middle of the established range.</p>	<p>process of being formed. Empire believed there was additional risk due to the area where AAO planned to invest and market conditions.</p>	
AEMLP	<p>The chance of a LP recouping his investment through liquidation was not considered to be high during the next several years. Further, AEMLP can only be liquidated upon the occurrence of events specified in the Act. Generally, AEMLP was determined to have a perpetual life unless certain actions occur. At the Valuation Date, it was likely that AEMLP would receive distributions from a loan. Taking all of these factors into account, the likelihood of AEMLP's near-term liquidation was not considered to be great, thereby arguing for a discount for LOM below the established range, but higher than that for ASVFMLP.</p>	<p>The AEMLP Partnership Agreement is silent on withdrawal. As such, the Act specifies that withdrawal prior to dissolution is forbidden. Events causing dissolution under the Act were deemed remote. Further, all transfers of partnership interests require the consent of the GP. These restrictions support a discount for lack of marketability toward the middle of the established range.</p>	<p>At the Valuation Date, AEM had only recently been formed. Empire believed there was additional risk due to the area where AEM planned to invest and market conditions.</p>	20%
AAALP	<p>The chance of a limited partner recouping his investment through liquidation</p>	<p>The AAALP Partnership Agreement is silent on withdrawal. As such, the</p>	<p>At the Valuation Date, AAA</p>	20%

Management / Advisor Company	Potential of Near-Term Liquidation	Restrictions on Transfer & Withdrawal	Other Factors	Selected Discount for LOM
	was considered to be low during the next five years or so. AAA was expected to continue indefinitely and AAALP was created to manage AAA. However, at the Valuation Date, it was likely that AAALP would receive distributions from a loan. Taking all of these factors into account, the likelihood of AAALP's near-term liquidation was not considered to be great, thereby arguing for a discount for LOM below the established range, but higher than that for ASVFMLP.	Act specifies that withdrawal prior to dissolution is forbidden. Events causing dissolution under the Act were deemed remote. Further, all transfers of partnership interests require the consent of the GP. These restrictions support a discount for lack of marketability toward the middle of the established range.	had only recently been formed. Empire believed there was additional risk due to the areas where AAA planned to invest and market conditions.	
AEPFMLP	At the Valuation Date, no agreements for AEPFMLP were available, but it is believed the restrictions will be similar to other Apollo funds.	At the Valuation Date, no agreements for AEPFMLP were available, but it is believed the restrictions will be similar to other Apollo funds.	EPF has not been launched. The possibility existed that EPF might not achieve targets if the market worsens significantly.	20%
EPF Advisor	At the Valuation Date, no agreements for EPF Advisor were available, but it is believed the restrictions will be similar to other Apollo funds.	At the Valuation Date, no agreements for EPF Advisor were available, but it is believed the restrictions will be similar to other Apollo funds.	EPF has not been launched. The possibility existed that EPF might not achieve targets if the market worsens significantly.	20%
NFMLP	At the Valuation Date, no agreements for NFMLP were	At the Valuation Date, no agreements for NFMLP were	New Fund has not been	20%

Management / Advisor Company	Potential of Near-Term Liquidation	Restrictions on Transfer & Withdrawal	Other Factors	Selected Discount for LOM
	available, but it is believed the restrictions will be similar to other Apollo funds.	available, but it is believed the restrictions will be similar to other Apollo funds.	launched. The possibility existed that New Fund might not achieve targets if the market worsens significantly.	
New Fund Advisor	At the Valuation Date, no agreements for New Fund Advisor were available, but it is believed the restrictions will be similar to other Apollo funds.	At the Valuation Date, no agreements for New Fund Advisor were available, but it is believed the restrictions will be similar to other Apollo funds.	New Fund has not been launched. The possibility existed that New Fund might not achieve targets if the market worsens significantly.	20%

In addition, the following discussion impacts all Management Companies, Advisor Companies, and the determination of the LOM discount.

- Impact of Distributions: Distributions are very important to an investor in any closely-held company because they provide a means for him to receive a return on investment without having to sell it. As of the Valuation Date, the AMHLP was in the process of securing a loan, whose proceeds would be paid out to the partners of the Management Companies and Advisor Companies. Given this fact set, a lack of marketability discount in the lower end of the range was considered appropriate.
- Information Access & Reliability: With regard to ownership rights, clearly the GP has complete access to all pertinent information about the Partnership's investments and prospects. A purchaser of a limited partnership interest in the Management Companies and Advisor Companies

has the right to receive the financial information necessary to file his personal income tax return and, by state law, review its financial records; however, the owners do not have a right to challenge the information provided or obtained. These issues argue for a discount for lack of marketability toward the lower to middle end of the established range.

- Restricted Stock Studies: Addendum 5 includes findings from restricted stock studies. Keeping in mind that limited partners may not withdraw from the Partnership, it is useful to consider the impact of holding periods on the appropriate discount for lack of marketability. The inability to monetize an investment generally increases with holding period. Addendum 6 discusses the data in more detail. Overall, the restricted stock studies demonstrate that discounts do exist to compensate investors for their relative inability to liquidate an investment over the course of a given holding period. This factor is offset to some extent by the fact that distributions have historically been paid. Nevertheless, there is no guarantee that limited partners will continue to receive them, and the inability to withdraw and receive fair market value for one's interest is a detriment. The pending Fortress and Blackstone IPOs imply that liquidity for firms like Apollo may be increasing, and Apollo is certainly a well-recognized name in the investment community. All in all, the discount for lack of marketability based on the restricted stock studies would be toward the low end of the range.

In conclusion, some discount must be allocated against the pro rata freely tradeable value derived above in order to quantify the fair market value of a limited partnership interest. After assessing all factors, it was determined that the selected lack of marketability discounts should be applied to the freely tradeable value of a limited partnership interest in the Management Companies and Advisor Companies. This is consistent with the pass-thru adjustment considered earlier, as well as the fact that such an interest lacks most voting rights and other elements of control, and its holder may find it difficult, if not impossible, to transfer his interest in, or withdraw from, the Management Companies and Advisor Companies if such a course should become desirable.

Table XIV on the following page details the fair market values of the Management Companies and Advisor Companies. Again, please see Exhibits A-1 through A-18.

Table XIV
Aggregate Fair Market Value of
Management Companies and Advisor Companies

Management Company	Aggregate Minority Value of Management Companies	Selected LOM Discount	Aggregate Fair Market Value	LBFH's Pro Rata Interest in Management Company	Fair Market Value of LBFH's Interest
AMIII LP	\$0	10%	\$0	30.35%	\$0
AMIVLP	\$3,068,801	10%	\$2,761,920	30.35%	\$838,243
AMVLP	\$12,017,131	15%	\$10,214,562	30.35%	\$3,100,119
AMVILP	\$190,858,978	15%	\$162,230,131	30.35%	\$49,236,845
AIM	\$1,017,345,253	15%	\$864,743,465	23.90%	\$206,673,688
VIFMLP	\$64,492,412	15%	\$54,818,550	26.90%	\$14,746,190
ASVFMLP	\$278,665,082	15%	\$236,865,320	44.00%	\$104,220,741
SVF Advisors	\$124,733,627	20%	\$99,786,902	44.00%	\$43,906,237
AAML P	\$44,044,859	20%	\$35,235,887	44.00%	\$15,503,790
Asia Advisors	\$31,566,933	20%	\$25,253,546	44.00%	\$11,111,560
AEMLP	\$465,218,791	20%	\$372,175,033	44.00%	\$163,757,015
AAALP	\$342,440,764	20%	\$273,952,611	44.00%	\$120,539,149
<i>Subtotal Existing Funds</i>	<i>\$2,574,452,630</i>		<i>\$2,138,037,927</i>		<i>\$733,633,577</i>
AMVIII LP	\$382,786,941	20%	\$306,229,553	30.35%	\$92,940,669
Fund VII Advisor	\$439,504,477	25%	\$329,628,358	24.64%	\$81,220,427
AEPFLP	\$30,811,394	20%	\$24,649,115	44.00%	\$10,845,611
EPF Advisor	\$27,802,732	20%	\$22,242,185	44.00%	\$9,786,562
NFMLP	\$124,677,855	20%	\$99,742,284	44.00%	\$43,886,605
New Fund Advisor	\$95,568,772	20%	\$76,455,018	44.00%	\$33,640,208
<i>Subtotal Goodwill</i>	<i>\$1,101,152,171</i>		<i>\$858,946,513</i>		<i>\$272,320,082</i>
Total	\$3,675,604,801		\$2,996,984,440		\$1,005,953,658

F. Reasonableness Test – Guideline Company Assessment

To test the reasonableness of the values derived above for the Capital Markets Management Companies, we considered multiples for publicly traded companies and compared them to the implied multiples for the Capital Markets Management Companies (calculated before application of the marketability discount above). Three multiples which are typically used to compare entities similar to the

Partnership were used: MVIC¹⁵/AUM; MVIC/TTM¹⁶ Revenues; and MVIC/TTM Adjusted EBITDA.¹⁷ The details are presented in Exhibit D, and the ranges, means and medians are repeated in Table XV below.

Table XV
Guideline Company Multiples

	MVIC/AUM	MVIC/TTM Revenues	MVIC/TTM Adjusted EBITDA
Upper Limit	201.9%	15.7	22.7
Lower Limit	1.5%	3.4	5.6
Median	51.3%	8.5	12.1
Mean	19.5%	7.3	14.1
Implied for AIMLP	39.1%	10.4	20.5
Implied for VIFMLP	10.7%	3.2	9.7
Implied for ASVFMLP	15.5%	15.8	9.9
Implied for AAML P	14.7%	3.8	8.9
Implied for AEMLP	93.0%	21.1	21.8
Implied for AAALP	148.2%	11.3	17.8
Implied for EPFMLP	10.3%	4.4	0.0
Implied for NFMLP	N/A	8.1	0.0

The capital markets companies' multiples generally fall within the ranges. This evidence helps to corroborate the values derived for the Management Companies using the DFE methodology.

G. Valuation of AMHLP

As discussed above, a willing buyer would typically assess the value of AMHLP based on the market values of its underlying assets. Thus, it is reasonable to utilize ABV as a method to value the Partnership. By definition, this methodology should be based on going concern value, not on the assumption of business liquidation. In reality, though, holders of non-controlling ownership interests can only receive their pro rata share of the entity's assets if it is liquidated.

Adjusted Book Value: Book value, unadjusted, is another name for the partners' capital account as it appears on the balance sheet. Again, ABV as a willing buyer

¹⁵ Market Value of Invested Capital

¹⁶ Trailing Twelve Months

¹⁷ Earnings Before Interest, Taxes, Depreciation, and Amortization

would assess it involves determining the value of a company's bundle of assets, less its liabilities, but before transaction costs.

The aggregate fair market value of LBFH's interest totaled \$1,005,954,000, rounded, as derived above. The aggregate fair market value of AMHLP's assets is \$2,996,984,000, rounded. Therefore, the economic value of LBFH's limited partnership interest in AMHLP is equal to 33.57% ($\$1,005,954,000 \div \$2,996,984,000$). Again, see Exhibit C.

Investment Company Discount ("ICD"): The ICD is an adjustment that is typically appropriate because a fractional equity owner has no ability to affect the investment decisions of his holding company. The discount takes into consideration the portfolio risk of the holding company. The ICD tends to be lower for a company with a diversified portfolio of marketable securities. Higher discounts are generally found as diversification decreases. The highest level of ICDs are associated with companies which have portfolios comprised of non-diversified, high-risk, closely-held securities. Again, the application of the ICD places AMHLP's owners on a footing similar to that of minority shareholders who own the voting shares of fully marketable closed-end funds.

Therefore, to derive an ICD for AMHLP, on a fully marketable basis, a market approach (i.e., the guideline company method) was utilized whereby a reasonably comparable group of publicly traded closed-end investment funds was selected and the public pricing of these funds was used to determine an ICD appropriate for a non-controlling interest in the Partnership.

AMHLP's net investment assets primarily were: (1) privately held investments in private equity and capital markets funds. As a result, the following samples were developed in order to assess an ICD appropriate to AMHLP's assets: (1) non-diversified closed end funds invested in securities for capital appreciation; (2) closed end funds invested in world equity securities; and (3) closed end funds invested in venture capital securities. The sample statistics are summarized in Table XVI and detailed in Exhibits E-1 through E-3.

Table XVI
Closed-End Fund Sample

Sample	ICD			
	Low	High	Median	Mean
Capital Appreciation Closed-End Funds	(2.0%)	12.8%	9.1%	7.1%
Venture Capital Closed-End Funds	0.7%	18.6%	9.6%	9.6%

World Equity Closed-End Funds	(8.8%)	18.1%	7.1%	4.9%
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It was considered that the sample of closed-end funds invested in capital appreciation, venture capital, and world equities was appropriate for AMHLP's securities.

Table XVII below presents a qualitative comparison of these investment companies with AMHLP.

Table XVII
Attributes of Closed-End Funds

Attributes of Closed-End Funds	Adjustment to AMHLP		
	Positive	Negative	Neutral
Portfolio Size			X
Portfolio Diversification		X	
Liquidity of Underlying Investments		X	
Professionally Managed			X
Yield			X

Marketable Minority Interest Value of AMHLP's Equity: A number of factors were considered in estimating an appropriate ICD for AMHLP including, but not limited to, the following: (1) the ICDs of the closed end funds sampled; (2) the ABV of each class of assets relative to the aggregate ABV of AMHLP; and (3) the qualitative comparison in the foregoing table. AMHLP's portfolio is less diversified and is less liquid than demonstrated by the sample of closed-end funds. Consequently, it was considered that an ICD of 5% would be appropriate.

Using a 5% ICD, the aggregate marketable minority interest value of AMHLP's equity, is reasonably stated at \$955,655,975 [$\$1,005,953,658 \times (1 - 0.05)$]. See Exhibit C.

H. Incremental Lack of Marketability

As discussed previously, in assessing the discount for lack of marketability applicable to a limited partnership interest in AMHLP, a number of specific factors were considered, including the following: (1) the impact of distributions; (2) information access and reliability; (3) the potential of near-term liquidation; and (4) any restrictions on transfer and withdrawal. In addition, a closer look at the Restricted Stock Studies as they influence a decision for AMHLP was also made.

- Impact of Distributions: Distributions are very important to an investor in any closely-held company because they provide a means for him to receive a return on investment without having to sell it. Since the Partnership was in the process of securing a loan whose proceeds would be used to make distributions to the partners, AMHLP was expected to pay at least a substantial one-time distribution in the near-term. Further, as the Management Companies collect management and incentive fees, more cash would be available for distribution, once the debt related to the one-time distribution was paid down. This argues for a discount below the lower end of the established range.
- Potential of Near-Term Liquidation: The Partnership was created to act as the holding company for the Management Companies. The Management Companies and Advisor Companies were not expected to dissolve until the underlying Funds dissolve. Therefore, it was unlikely that the Partnership will be dissolved in the near-term. Further, discussions as to whether a loan might be taken out and a more “near-term” distribution possibly being made were under way. This would argue for a discount for lack of marketability at the lower end of the established range.
- Restrictions on Transfer & Withdrawal: As discussed, the AMHLP Partnership Agreement states that approval of the GP is necessary before a limited partner may withdraw unless the Partnership is in dissolution. Also, GP approval is necessary for transfers of limited partnership interests. These restrictions support a discount for lack of marketability toward the middle-to-upper end of the established range.

Discount Summary: Regarding AMHLP, the following points bear reiteration:

- The AMHLP Partnership Agreement governing the Partnership specifies that it is a limited partnership; the GP has full, complete, and exclusive discretion to manage and control its business.
- As invested at the Valuation Date, it was likely that the Partnership will have cash flow available for distribution. However, distributions are at the discretion of the GP. There are, however, plans to make a larger one-time loan-related distribution shortly after the Valuation Date.
- The AMHLP Partnership Agreement places restrictions on a LP’s ability to withdraw or transfer its/his interest in the Partnership, whereas, shareholders

of the publicly traded companies have no limitation or restriction on their right to sell their units.

- It was unlikely that AMHLP will be terminated within the next several years.

In conclusion, some discount must be allocated against the pro rata freely tradeable value derived above in order to quantify the fair market value of a limited partnership interest. After assessing all factors, it was determined that a 10% discount should be applied to the freely tradeable value of a limited partnership interest in AMHLP. This is consistent with the pass-thru adjustment considered earlier, as well as the fact that such an interest lacks most voting rights and other elements of control, and its holder may find it difficult, if not impossible, to transfer his interest in, or withdraw from, the Partnership if such a course should become desirable.

Therefore, in our opinion the freely tradeable value of \$955,655,975 should be reduced by 10% to account for the interest's lack of marketability under the terms of the AMHLP Partnership Agreement. This calculation results in a fair market value of \$860,100,000 ($\$955,655,975 \times [1.00 - 0.10]$), rounded, for a 33.57% limited partnership interest in AMHLP as of the Valuation Date. Again, please see Exhibit C.

Valuation Summary

Given the foregoing review and analysis, and subject to the attached Statement of Limiting Conditions, it is our opinion that the: 1) fair market value of the Management Interests contributed by LBFH to AMHLP, is reasonably stated, in aggregate, at \$860,100,000, rounded, with the aggregate value of all of the Management Interests being reasonably stated, on a comparable basis, at \$2,996,984,000, rounded. Therefore, the economic interest contributed by LBFH in Apollo Management Holdings, ■■■, is calculated to represent 33.57% of the value of AMHLP.

The fair market value of a 33.05% interest received by LBFH, assuming incremental lack of control and marketability discounts, is reasonably stated as \$605,600,000. The above analyses and conclusions are as of April 16, 2007.

Again, this report has been prepared as a Restricted Use Appraisal Report as defined in Standards Rule 10 of The Appraisal Foundation's Uniform Standards of Professional Appraisal Practice ("USPAP"), which specifically applies to the preparation of valuation reports of business interests. This report is for your use

Carlyn McCaffrey, Esq.
October 18, 2007
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and should be considered only in conjunction with the December 2006 Reports. This report should only be shared with those persons who have read the December 2006 Reports and have the requisite knowledge to understand the risks, opportunities, and the valuation theories and analyses discussed and applied in this situation, since this report may not be understood properly by readers who have not read December Report.

Respectfully submitted,

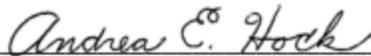
Empire Valuation Consultants, LLC



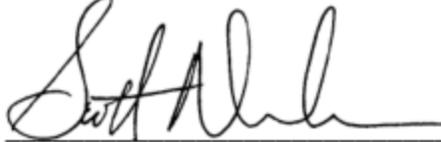
Ivy P. Wan-Beltejar
Valuation Associate



Natasha Thibault, ASA
Senior Valuation Associate



Andrea Hock, ASA
Managing Director



Scott A. Nammacher, ASA, CFA
Managing Director

STATEMENT OF LIMITING CONDITIONS

Confidentiality/Advertising: This report and supporting documentation are confidential. Neither all nor any part of the contents of this appraisal shall be copied or disclosed to any party or conveyed to the public orally or in writing through advertising, public relations, news, sales, or in any other manner without the prior written consent and approval of both Empire Valuation Consultants, LLC and its client.

Litigation Support: Depositions, expert testimony, attendance in court, and all preparations/support for same, arising from this appraisal shall not be required unless arrangements for such services have been previously made.

Management: The opinion of value expressed herein assumes the continuation of prudent management policies over whatever period of time is deemed reasonable and necessary to maintain the character and integrity of the appraised business entity as a going concern.

Information and Data: Information supplied by others that was considered in this valuation is from sources believed to be reliable, and no further responsibility is assumed for its accuracy. Information used was limited to that available on or before the Valuation Date, or which could be reasonably ascertained as of that date. We reserve the right to make such adjustments to the valuation herein reported as may be required by consideration of additional or more reliable data that may become available subsequent to the issuance of this report.

Purpose: All opinions of market value are presented as Empire Valuation Consultants, LLC's considered opinion based on the facts and data obtained during the course of the appraisal investigation. We assume no responsibility for changes in market conditions which might require a change in appraised value. The value conclusion derived in this appraisal was for the specific purpose and date set forth in this appraisal and may not be used for any other purpose.

Fee: The fee established for the formulation and reporting of these conclusions is not contingent upon the value or other opinions presented.

Interest: Neither the appraiser nor any officer or employee of Empire Valuation Consultants, LLC has any interest in the property appraised.

Unexpected Conditions: We assume that there are no hidden or unexpected conditions of the assets valued that would adversely affect value.

Addendum 1-2

Non Appraisal Expertise: No opinion is intended for matters which require legal or specialized expertise, investigation or knowledge, beyond that customarily employed by appraisers.

Hazardous Substances: Hazardous substances, if present within the facilities of a business, can introduce an actual or potential liability that will adversely affect the marketability and value of the business or its underlying assets. In the development of our opinion of value, no consideration has been given to such liability or its impact on value unless otherwise indicated in the report.

CERTIFICATION OF APPRAISERS

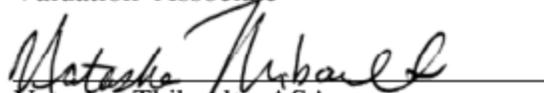
We the appraisers certify that, to the best of our knowledge and belief:

1. Our analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
2. All statements of fact contained in this report are true and correct.
3. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
4. Neither Empire nor any of its employees has, to the best of our knowledge, either a present or intended financial interest in the entity that is the subject of this report, in any affiliates that may exist, or with respect to the parties involved.
5. We have no bias with respect to the entity that is the subject of this report or to the parties involved with this assignment.
6. Empire's engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. The professional fee paid to Empire for the preparation of this report is not contingent upon its conclusion, including: developing or reporting a predetermined value or direction of value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. No one provided significant business appraisal assistance to the persons signing this certification, unless specifically stated herein.

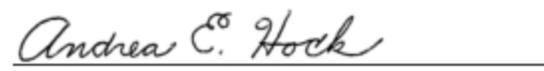
The American Society of Appraisers has a mandatory recertification program for all of its Accredited Senior Appraisers. The senior members signing below, designated by the "ASA," are in compliance with that program.



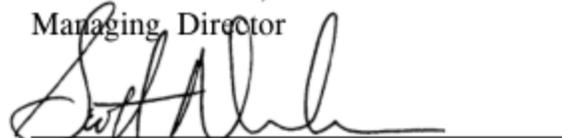
Ivy P. Wan-Bekejar
Valuation Associate



Natasha Thibault, ASA
Senior Valuation Associate



Andrea E. Hock, ASA
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Scott A. Nammacher, ASA, CFA
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October 18, 2007

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Valuation Services

Empire Valuation Consultants, LLC provides valuations to business owners, attorneys, accountants, commercial bankers, investment bankers, trust departments, insurance agents, and financial planners, among others. **Empire's** consultants have prepared or managed the preparation of over 7,500 appraisals for the following reasons:

- Buy/Sell Agreements
- Gifting Programs
- Estate Taxes
- Mergers & Acquisitions
- Blocks of Publicly Traded Securities
- Employee Stock Ownership Plans (ESOPs)
- Redemptions
- Recapitalizations
- Going Private Transactions
- Stock Option Plans
- Dissenting Shareholder Suits
- Fairness Opinions
- Intellectual Property
- Purchase Price Allocation

Other Financial Services

Litigation Support & Expert Testimony

Empire can assist you with research and litigation support and its professionals are available to provide expert testimony in matters involving questions of valuation.

ESOP Feasibility Studies & Preliminary Valuations

Empire is available to work with our client's team of financial advisors or participate in independent feasibility studies and preliminary valuation reviews in connection with ESOP formation planning.

IVY P. WAN-BELTEJAR

Academic Degrees

- University of Rochester, William E. Simon School of Business, Finance and Corporate Accounting, 2004
- B.A. University of California, Berkeley, Interdisciplinary Studies, 2000

Employment

Valuation Associate, Empire Valuation Consultants, Rochester, New York, 2004-Present

Senior Financial Analyst, Federal Home Loan Bank of San Francisco, San Francisco, CA, 2001-2002

Financial Analyst, Atherton Capital, Inc., San Bruno, CA, 2000-2001

Experience

Ivy brings to Empire her strong analytical and financial skills. While employed at the Federal Home Loan Bank of San Francisco, she was involved in analyzing and approving unsecured credit lines to financial institutions, as well as managing the portfolio of exposures. Her responsibilities included performing financial analysis and researching and monitoring industry trends. As a financial analyst at Atherton Capital, she was responsible for underwriting loans to franchises in the restaurant, gas station, and retail store sectors. Ivy is currently a Level II candidate for the Chartered Financial Analyst designation.

NATASHA THIBAULT, ASA

Academic Degrees

- ██████. Rochester Institute of Technology, 1998
- B.S. Rochester Institute of Technology, Accounting, 1992

Employment

- Senior Valuation Associate, Empire Valuation Consultants, Rochester, New York, 1998-present
- Controller, The Salvation Army, Rochester, New York, 1996-1998
- Assistant Controller, The Salvation Army, Rochester, New York, 1994-1996

Experience

Ms. Thibault has earned the designation Accredited Senior Appraiser (ASA), designated in Business Valuation, from the American Society of Appraisers by meeting its testing and experience requirements. Ms. Thibault brings to Empire her strong analytical, financial, and accounting skills. While employed at The Salvation Army, she was responsible for a variety of accounting and forecasting duties. Ms. Thibault's strengths include financial statement analysis, as well as a comprehensive knowledge of not-for-profit organizations.

Since joining Empire, Ms. Thibault has been involved in the valuation of various equity interests in corporations, partnerships, and limited liability companies, operating in a variety of industry sectors. These valuations have been performed for estate tax and gift tax planning, issuance of fairness opinions, employee stock ownership plans, potential sale or buyout, and other corporate planning and reporting purposes.

ANDREA E. HOCK, ASA

Academic Degrees

- M.B.A. Rochester Institute of Technology, Finance, 1985
- M.A. University of Florida, French Literature, 1974
- B.A. Mercer University, summa cum laude, French, 1972

Employment

- Managing Director, Empire Valuation Consultants, Rochester, New York, 2000-present
- Senior Valuation Associate, Empire Valuation Consultants, Rochester, New York, 1993-2000
- Valuation Analyst, Empire Valuation Consultants, Rochester, New York, 1989-1993
- Financial Manager, Joan Hantz Graphic Design, Rochester, New York, 1987-1988
- Claims Representative, Social Security Administration, Rochester, New York, 1978-1989

Experience

Ms. Hock is an Accredited Senior Appraiser (ASA) of the American Society of Appraisers, Business Valuations. She is currently a Vice President, and former Chapter President and Secretary, for the Western New York Chapter of the ASA. Ms. Hock has over fourteen years of business valuation experience. She has been involved in the valuation of a wide variety of corporations, partnerships, and business assets for employee stock ownership plans, fairness opinions, solvency opinions, recapitalizations, estate and gift taxes, and other purposes.

As financial manager of a graphics design firm, Ms. Hock became familiar with proposal writing, financial planning, bookkeeping and tax accounting. Her experience with the government provided her with a background in a wide variety of federal and state services and regulations.

SCOTT A. NAMMACHER, ASA, CFA

Academic Degrees

- M.B.A. New York University Graduate School of Business, Finance, 1985
- B.S. University of Minnesota, Business, 1977

Employment

Principal and Managing Director, Empire Valuation Consultants, LLC, New York, New York, 1992-Present

Manager, Financial Valuations, Arthur Andersen & Co., New York, 1990-1991

V.P., Marigold Capital Development, Investment Banking Div. of Marigold Enterprises, Greenwich, Connecticut, 1989-1990

Manager - Domestic Finance, PepsiCo, Inc. Purchase, New York, 1985-1989

Experience

Mr. Nammacher is an Accredited Senior Appraiser (ASA) of the American Society of Appraisers and is a Chartered Financial Analyst (CFA). He has over 20 years of experience in financial consulting and business valuations. He has valued the equity, debt, warrants, NOLs, etc. of publicly and privately held businesses for acquisitions, divestitures, stock repurchases, estate and gift tax reporting, buy/sell agreements, recapitalizations, and general corporate planning purposes. Mr. Nammacher has also developed business plans and financing packages, and has been involved in completed transactions totaling over \$1.5 billion. In addition, he played key roles in the successful launch of a new business publication.

Mr. Nammacher has testified as an expert witness in U.S. Tax Court, U.S. Bankruptcy Court, Delaware Chancery Court and other courts and arbitration settings around the country, and published a book and several articles on "junk bonds." He also received the prestigious "Graham & Dodd Scroll Award" from the *Financial Analysts Journal* for outstanding financial writing relating to a cover story he co-authored.

He is currently an elected member of the American Society of Appraisers' Business Valuation Committee, the oversight entity for the business valuation arm of the ASA. He has spoken on valuation issues around the country, chaired an annual valuation conference in New York City for over 12 years. He is co-chair of the first joint AICPA/ASA valuation conference ever presented.

Valuation of Pass-Through Entities

A pass-through entity can have positive and negative impacts on the valuation of a minority interest in a closely-held company or partnership depending on the specific facts pertinent to the entity. In the majority of cases, the pass-through status has a net positive economic impact to the fair market value of a minority interest, but the net effect can vary materially between owners of the same company, and between potential buyers of a minority interest in the company. Therefore, the net economic impact cannot be modeled precisely. However, an average net benefit or detriment can be reasonably estimated.

It is recognized that a pass-through entity can have a positive economic impact on value at the minority interest level. The issue becomes how to accurately quantify the impact. There are numerous articles and studies that have attempted to quantify this impact for an S-Corp by applying various simplifying assumptions. These articles and studies concluded maximum S-Corp economic benefits to a minority shareholder in the 15% to 30% range, depending on the assumed tax rate. It stands to reason that a similar economic benefit would accrue to owners of pass-through entities as well as S-Corps.

Quantifying the Pass-Through Adjustment: When assessing the impact of the pass-through status on the fair market value of a company's equity, the appraiser must first review and consider all relevant factors. Then based on these factors, the appraiser must decide if the pass-through status provides a net benefit to fair market value. If there is a net benefit, the benefit must be quantified. However, there are circumstances when the pass-through status does not provide a net benefit and a pass-through adjustment is not applicable.

Economically, the two primary benefits of the pass-through status are: (1) the elimination of double taxation on distributions; and (2) the reduction in personal capital gains taxes when the interest is sold due to the step-up in tax basis associated with retained earnings. Therefore, because of these benefits, the pass-through adjustment becomes a function of the savings associated with the net reduction of dividend and capital gains taxes.

One of the benefits of the pass-through status is to avoid the double taxation of a company's earnings when it pays a distribution. Under a standard C-Corp, the company's earnings are taxed at the corporate level and then the shareholder is taxed again when those earnings are paid out as a dividend. For a pass-through entity, the investor pays personal income taxes on his pro rata share of the company's earnings, but does not pay additional taxes on any distributions. Therefore, if a pass-through entity makes a distribution equal to the investor's personal tax liability then the net cash retained by the company is the same as

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that of a C-Corp that does not pay a dividend. This assumes that the individual tax rate and C-Corp tax rates are essentially equivalent. Currently, the top marginal federal tax rate was 35% for individuals and 34% for corporations. Therefore, the economic benefit to the minority S-Corp shareholders is when the company pays a distribution greater than the amount needed to pay taxes (i.e., greater than the marginal C-Corp tax rate).

Another prospective benefit is that the investor's tax basis increases for any earnings that have not been distributed. This benefit effectively lowers the investor's capital gains tax liability when the interest is sold. Currently, capital gains are taxed at a 15% rate for federal taxes and as ordinary income for state taxes. However, this economic benefit is only realized if and when the investor sells his interest. Therefore, because of the loss of double taxation and the step-up in tax basis, the pass-through adjustment becomes a function of the savings associated with not paying dividend and capital gains taxes, as well as any differences between the corporate and individual tax rates.

Assuming that corporate and individual income tax rates are the same, the maximum pass-through adjustment can be represented by the equation $1 \div (1 - \text{tax rate}) - 1$, where the tax rate represents the weighted average of the dividend and capital gains tax rates applicable at the valuation date.

Underlying Assumptions: Inherent in this calculation are several underlying assumptions that are important in understanding the pass-through adjustment. They include:

- This formula assumes that the economic benefit on dividends and capital gains tax avoidance are realized in current dollars. However, the capital gains benefit may not be realized until many years in the future and it is possible that it may never be realized at all. Accordingly this simplifying formula tends to bias upward the economic benefit of the step-up in basis.
- The calculation assumes that capital appreciation is correlated dollar-for-dollar to the increase in retained earnings. However, most company's fair market value appreciation is dependent on factors other than just retained earnings. Further, over time, the fair market value of a minority interest may go down even if an investor's equity account increases. This assumption generally indicates that the pass-through adjustment is biased upward.
- The calculation assumes that an investor is indifferent between receiving a company's earnings through distributions or capital appreciation (i.e., retained earnings). Again, because the capital gains benefit is recognized on an ongoing basis, the actual timing of the benefit is not taken into

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account. In reality, because of this timing difference, a minority investor in a pass-through entity only realizes the full benefit of the calculated pass-through adjustment when the company pays out 100% of its taxable earnings as a distribution. If a company distributes less than 100% of its taxable earnings, the economic benefit of the pass-through status is reduced.

- Corporate and personal tax rates are equal. Under current applicable federal tax brackets the highest personal tax rate was 35% which is roughly equivalent to the highest federal corporate tax rate (i.e., 34%). Since the concept of a hypothetical willing buyer prevents the selection of a specific buyer and their tax status, it is assumed that the highest personal tax bracket is appropriate. To the extent that an individual's tax rate is higher than the corporate tax rate, the pass-through adjustment will be lower and vice versa.

As discussed, the pass-through adjustment formula contains certain simplifying assumptions. It is important to understand these assumptions and their impact on the pass-through adjustment calculation. Based on the specific facts and circumstances surrounding the company being valued, the calculated pass-through adjustment should be modified.

The pass-through adjustment formula outlined above provides a maximum potential adjustment. However, the adjustment that is applicable to an interest being valued is generally less than the maximum implied by the calculation. When concluding an applicable pass-through adjustment, the following factors must be considered:

- **Level of Value:** One factor that complicates the determination of the fair market value of an interest in a closely-held business is the issue of control. On a 100% control basis, there is no market evidence that suggests that an arms length-willing buyer will pay a premium in the acquisition of a closely-held company simply because of the pass-through status. If that were true then all C-Corp owners would convert to pass-through entities before they sold their company.

The efficient market theory can be cited to argue against the existence of an pass-through adjustment on a 100% control basis. If such an adjustment existed and was automatically realized, then arbitragers would buy C-Corps, convert to pass-through entities, and sell the company at a profit. Proponents of the efficient market theory note that a competitive, efficient market would not allow such arbitrage opportunities to exist. The competitive market for the acquisition of C-Corps would be priced up to the point where no premium remained.

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It is also arguable that the application of a pass-through premium is in effect a partial reduction of a lack of control discount. This is because a controlling investor controls the distribution policy of a company as well as other factors. These control rights can be restricted through the Operating Agreement. However, this is only done if the controlling investor were willing to relinquish part of their control.

Therefore, a pass-through adjustment is generally applicable when valuing a minority interest. However, when valuing a controlling interest (especially a controlling interest that owns less than 100%) the methodology used to derive the control value should be considered when deciding if an adjustment is appropriate. Since the adjustment is arguably a partial reduction in the lack of control discount, any applicable control premium, either directly applied or inherent in the methodology, should incorporate an adjustment when and if appropriate. Nevertheless, the application of an adjustment should not be made such that the value of an pass-through entity (on a 100% controlling interest basis) is greater than an equivalent C-Corp.

- **Distributions:** The amount of distributions paid to investors of pass-through entities compared to their tax liability is a significant factor in determining the appropriateness of a pass-through adjustment. In general, if all other factors are equal, distributions in excess of the amount required for the tax liability would support the application of a positive adjustment. This is because shareholders would be subject to one level of taxation, instead of two. This is the principal component of a positive pass-through adjustment because the economic benefit is realized as the excess distributions are made. However, if a company does not make sufficient distributions to cover the investor's tax liability then a lower or possibly no adjustment would be appropriate. In some cases where minimal or no distributions are made and the investors have "phantom income", it could be argued that the pass-through status has a negative impact on fair market value. The maximum adjustment would be applicable in those instances where a company is making distributions equal to 100% of taxable income. When distributions are less than 100% of taxable income, a reduction in the maximum pass-through adjustment should be applied.
- **Owners' Compensation:** In some valuations, when deriving a company's cash flow base, an adjustment is made to owners' compensation to a level deemed appropriate for a C-Corp. This adjustment results in derivation of a cash flow base that represents the cash flow available for potential distributions. In these cases, it can be argued that the company's historical owners' compensation policy has consisted of two components: market based salary and discretionary

Addendum 4-5

compensation. The discretionary compensation, which was adjusted for in deriving the company's cash flow base, represents funds available for potential distributions. As a pass-through entity, the issues regarding potential excess compensation challenges that applied to C-Corps are eliminated. Accordingly, the company and its investors have elected to distribute cash flow through the payment of owners' compensation rather than through distributions. As such, the company has distributed substantially all of its taxable earnings through discretionary compensation. In so doing, the Company has paid out a significant portion of its taxable earnings, which could not have been done as a C-Corp without some level of double taxation. In this type of situation an argument can be made for a reduction to the maximum potential pass-through adjustment.

- **Step-up in Tax Basis:** Again, the maximum economic value of the pass-through status exists when a company pays out 100% of earnings annually in distributions. If the company pays out less than 100% of earnings, then an investor receives a step-up in their tax basis equal to the increase in their equity account. The economic value of this step-up in tax basis is only realized when the investor sells his stock and the sale price is more than his equity account. Accordingly, the net present value of the economic value of the step-up in tax basis is speculative. If the sale of stock is five to ten years in the future then the current economic value of the tax basis step-up will be significantly reduced. Accordingly, the economic value attributed to distributions more than the pass-through taxes is realized immediately in today dollars; whereas the economic value of the remaining undistributed earnings is speculative in timing and amount. To the extent that a company distributes less than 100% of its taxable income an argument can be made to reduce the pass-through adjustment below the calculated maximum.

After assessing all factors pertaining to the company being valued, a modification to the maximum calculated pass-through adjustment may be supported. It is important to consider all the factors outlined above before selecting an appropriate adjustment. Without properly taking these factors into account, the value of the pass-through entity will be misstated.

Studies of Lack of Marketability Discounts

Summary of Restricted Stock Studies & Initial Public Offering Studies

Study	Years Covered in Study	Median Discount
SEC, Overall Average ^a	1966-1969	25.8 ^b
SEC, Non-reporting OTC Companies ^a	1966-1969	32.6 ^b
Gelman ^c	1968-1970	33 ^b
Trout ^d	1968-1972	33.5
Moroney ^e	Unknown ^f	35.6 ^b
Maher ^g	1969-1973	35.4 ^b
Standard Research Consultants ^h	1978-1982	45.0
FMV Opinions, Inc. (2 Year Holding Period) ⁱ	1979-1997	23
Willamette Management Associates ^j	1981-1984	31.2
Silber ^k	1981-1988	33.8 ^b
Management Planning, Inc.	1980-1985	30-35 ^b
Management Planning, Inc.	1980-1996	27.1 ^b
Empire Valuation Consultants, LLC ^l	1983-1993	29.1 ^b
Emory ^m	1980-1981	66
Emory ^m	1985-1986	43
Emory ^m	1987-1989	45
Emory ^m	1989-1990	40
Emory ^m	1990-1992	40
Bruce Johnson ⁿ	1991-1995	20.2
Emory ^m	1992-1993	44
Emory ^m	1994-1995	45
Emory ^m	1995-1997	42
Columbia Financial Advisors ^o	1996-1997	21
Columbia Financial Advisors ^o (1-Year Period)	1997-1998	13
Emory ^m	1997-2000	52
Emory ^m	1998-2000	47
FMV Opinions, Inc. (1 Year Holding Period) ^p	1997-2000	25.9

a "Discounts Involved in Purchases of Common Stock (1966-1969)," *Institutional Investor Study Report of the Securities and Exchange Commission*, H.R. Doc. No. 64, Part 5, 92d Congress., 1st Session. 1971, pp. 2444-2456.

b Mean discounts.

c Milton Gelman, "An Economist-Financial Analyst's Approach to Valuing Stock of a Closely Held Company," *Journal of Taxation*, June 1972, pp. 353-354.

d Robert R. Trout, "Estimation of the Discount Associated with the Transfer of Restricted Securities," *Taxes*, June 1977, pp. 381-385.

e Robert E. Moroney, "Most Courts Overvalue Closely Held Stocks," *Taxes*, March 1973, pp. 144-154.

f Although the years covered in this study are likely to be 1969-1972, no specific years were given in the published account.

g J. Michael Maher, "Discounts for Lack of Marketability for Closely-Held Business Interests," *Taxes*, September 1976, pp. 562-571.

h "Revenue Ruling 77-287 Revisited," *SRC Quarterly Reports*, Spring 1983, pp. 1-3.

i Lance Hall and Timothy Polacek, "Strategies for Obtaining the Largest Valuation Discounts," *Estate Planning* (Jan./Feb. 1994); pp. 38-44

j Willamette Management Associates study (unpublished).

Addendum 5-2

- k Silber, William L., "Discounts on Restricted Stock: The Impact of Illiquidity on Stock Prices," *Financial Analysts Journal*, July-August 1991, pp. 60-64.
- l Empire Valuation Consultants, LLC study (unpublished).
- m Emory, John D., *Business Valuation Review*, ten marketability studies by the same author from September 1980 to October 2002, the latest entitled "Discounts for Lack of Marketability Emory Pre-IPO Discount Studies 1980-2000, As Adjusted October 10, 2002." (Medians)
- n "Restricted Stock Discounts: 1991-1995," *Shannon Pratt's Business Valuation Update* (March 1999): 1-3, "Quantitative Support for Discounts for Lack of Marketability," *Business Valuation Review* (Dec. 1999): 152-155
- o *Shannon Pratt's Business Valuation Update* (May 2000): 1-5
- p Lance Hall, "Why are restricted stock discounts actually larger for one-year holding periods?," *Shannon Pratt's Business Valuation Update* (September 2003): 1-4

Numerous empirical studies on lack of marketability discounts have been conducted during the past twenty years. The following discussion summarizes the results of the most commonly referenced studies.

I. Institutional Investors Study: The Securities and Exchange Commission ("SEC") published study # 77-287 in 1971, called the "Institutional Investors Study." The Institutional Investors Study examined the amount of discount at which transactions in restricted stock, or letter stock, took place compared to the prices of identical but unrestricted stock on the open market from 1966 through 1969. The table below segments the data observed by the SEC according to the size of the discount.

Discount (Premium)	Number of Transactions	Percent of Study Total
-15.0% to 0.0%	26	6.5%
0.1% to 10.0%	67	16.8%
10.1% to 20.0%	78	19.6%
20.1% to 30.0%	77	19.3%
30.1% to 40.0%	67	16.8%
40.1% to 50.0%	35	8.8%
50.1% to 80.0%	48	12.1%
-15.0% to 80.0%	398	100.0%

The study shows that the discounts on the letter stocks were the least for New York Stock Exchange ("NYSE") listed stocks, but increased, in order, for American Stock Exchange ("ASE") listed stocks, Over-the-counter ("OTC") reporting companies and OTC non-reporting companies. For OTC non-reporting companies, the largest number of restricted stock transactions fell in the 30% to 40% discount range. Slightly over 56% of the OTC non-reporting companies experienced discounts greater than 30% on the sale of their restricted stock. A little over 30% of the OTC reporting companies experienced discounts over 30%, and over 52% experienced discounts over 20%.

The magnitude of the discount for restricted securities from the trading price of the unrestricted securities was generally related to the following factors:

Earnings

Earnings played the most significant role in determining the discounts at which these stocks were sold from the current market price. The degree of risk of an investment is determined more by earnings patterns, rather than sales patterns.

Sales

Companies with the largest sales volumes received the smallest discounts and the companies with the smallest sales volumes received the largest discounts.

Trading Market

Discount rates were greatest on restricted stocks with unrestricted counterparts traded over-the-counter, followed by those with unrestricted counterparts listed on the ASE, while the discount rates for those stocks with unrestricted counterparts listed on the NYSE were the smallest.

2. Gelman Study: Milton Gelman conducted a study analyzing the prices paid by four closed-end investment companies specializing in restricted securities investments. Based on an analysis of 89 transactions between 1968 and 1970, Gelman found both the mean and median discounts to be 33%. Almost 60% of the transactions were at discounts of 30% or more, and over one-third were at discounts of 40% or more.

3. Trout Study: Robert Trout studied 60 transactions involving the purchase of restricted stock by mutual funds between 1968 and 1972. He observed a mean discount of 34%.

4. Moroney Study: In an article published in 1973, Robert Moroney presented the results of his study of the prices paid in 146 transactions for restricted securities by 10 registered investment companies. The mean discount in these transactions was 35.6%, and the median discount was 33%.

5. Maher Study: In 1976, Michael Maher published the results of a study of restricted stock discounts in transactions taking place from 1969 to 1973. He found that the mean discount was 35.4%.

6. FMV Restricted Stock Study: FMV Opinions gathered 248 transactions and a median discount of 23% was observed. After May 1997, the holding period under SEC Rule 144 changed from two years to one. FMV Opinions gathered 182 restricted stock transactions occurring between 1997 and 2000 and surprisingly the median discount increased, although the holding period decreased, to 25.9%.

7. Standard Research Consultants Study: In 1983, Standard Research Consultants conducted a study of 28 private placements of common stock from October 1978 through June 1982. A median discount of 45% was observed.

8. Willamette Management Associates Study: Willamette Management Associates has performed several studies on the prices of private stock transactions relative to their prices observed in a subsequent public offering of the same securities. The median discount of its studies was 31.2%.

9. Silber Study: In 1991, William Silber published the results of a study of restricted stock discounts in 69 transactions taking place between 1981 and 1988. He found that the mean discount was 33.8%. This study found larger discounts when the size of the restricted stock block was large in proportion to the total shares outstanding. Additionally, the study indicated that firms with higher revenues, earnings and market capitalizations are associated with lower discounts.

10. Management Planning, Inc. Study: Management Planning, Inc. (“MPI”) conducted an analysis of 115 private transactions involving actively traded industrial corporations. The vast majority of the transactions occurred at discounts to the public market prices. The discounts ranged from 1% to 86%, with the normal distribution centered in the 30% to 35% range.

MPI found that many of the relatively high discounts observed involved the common stocks of companies that were not profitable or had very low revenues, which is consistent with the findings of the SEC Study. MPI eliminated all transactions involving companies with revenues less than \$3,000,000, thereby reducing the test population to 31 transactions. Of these 31 transactions, 29 occurred at a discount, some of which were nearly 60%.

As in the SEC Study, MPI analyzed the pricing data in relation to several variables believed to impact the magnitude of the discounts. MPI concluded the following:

- Private transactions of larger companies (as measured by either revenue or earnings) have lower discounts than smaller companies, on average.
- Private transactions of companies with stronger growth (as measured by either revenues or earnings) have lower discounts than companies with slower growth, on average.
- Private transactions of companies with better revenue or earnings stability have smaller discounts than those of companies with less stability, on average.
- Private transactions that involve blocks that are relatively small, compared to trading volume or the number of shares outstanding, have lower discounts than blocks of stock that are large relative to trading volume and shares outstanding, on average.
- Private transactions that occurred in a strong market have lower discounts than transactions that took place in declining or weaker markets, on average.
- Private transactions occur at lower discounts in cases where the publicly traded counter-part showed more price stability than in cases where there was less price stability, on average.

11. Empire Valuation Consultants, LLC (“Empire”) Study: Empire conducted an analysis of 106 private placements between February 1983 and June 1993 involving restricted shares of publicly-traded common stocks. Its unpublished study concluded that the price differentials between the price of the restricted shares and the market price of the publicly-traded equivalent securities ranged from a 29.8% premium to a 80.0% discount, with a mean discount of 29.1%.

12. Emory Studies: John D. Emory, previously of Robert W. Baird & Co. Inc., and now of Emory Business Valuation, LLC, conducted several studies over the past 20 years which relate the prices at which private transactions take place before the initial public offering (“IPO”) to the price at which the stock was offered subsequently to the public. About 2,300 IPO prospectuses were reviewed from 1980 through 2000, and a total of 543 qualifying transactions were identified. These transactions involved the sale of restricted stock that was sold five months or less before the IPO transaction. Although the median discounts varied during this period, the most recent data indicated a median discount of 47% for both options and shares sold.

Taken as a whole, the studies regarding the marketability of restricted equity interests conclude a broad range of mean and median discounts that generally falls between 26% and 45%. While the publicly-traded counterpart of a restricted stock has a known price, the companies who later underwent IPOs had no established benchmarks at the time of their private transactions. Therefore, the IPO studies generally produce a higher discount for lack of marketability due to the greater uncertainty regarding, if and when, the stock will ever be public.

13. Bruce Johnson Study: Mr. Johnson conducted a restricted stock study in which he examined 72 transactions that occurred between 1991 and 1995 resulting in a 20.2% median discount.

14. Columbia Financial Advisors Study: CFAI conducted a study of the sale of restricted securities in the U.S. in which they examined only private common equity placements over the period Jan. 1, 1996 through April 30, 1997. The resulting median discount was 23%. A similar study was repeated over the period May 1997 through December 1998 and the median discount was 13%.

RESTRICTED STOCK STUDIES

Given a lack of withdrawal rights, it was determined that limited partners' investments in the Partnership were similar to restricted stocks. Restricted stocks are those that have been issued, but not registered under the United States Securities Act of 1933, as amended (the "Securities Act"). Following the date of issue, these stocks are subject to a lock-up period before they can be freely traded.

Accordingly, restricted stock studies were sought for use in determining the discounts appropriate for application to each of these investments. A number of restricted stock studies are summarized in the table below and are more fully described in Addendum 5 to this report. Data from these studies was used to estimate reasonable holding period discounts applicable to the Partnership.

Table I
Summary of Restricted Stock Study Data

Study	Years Covered	# of Transactions	Mean Discount	Median Discount
<u>Two-Year Holding Period</u>				
SEC, Overall Average	1966-1969	398	24.0%	25.8%
SEC, Non-Reporting OTC Companies	1966-1969	112	N/A	32.6%
Gelman	1968-1970	89	33.0%	33.0%
Trout	1968-1972	60	33.5%	N/A
Moroney	Unknown	146	35.6%	33.0%
Maher	1969-1973	34	35.4%	33.3%
Standard Research Consultants	1978-1982	28	N/A	45.0%
Williamette Management Assoc.	1981-1984	33	N/A	31.2%
Silber	1981-1988	69	33.8%	35.0%
FMV Opinions, Inc.	1979-1992	100+	23.0%	N/A
Management Planning, Inc.	1980-1996	49	27.7%	28.8%
Bruce Johnson	1991-1995	72	N/A	20.2%
Columbia Financial Advisors	1996-1997	23	<u>21.0%</u>	<u>14.0%</u>
		Low	21.0%	14.0%
		High	35.6%	45.0%
		Median	33.0%	32.6%
		Average	29.7%	30.2%
<u>One-Year Holding Period</u>				
Columbia Financial Advisors	1997-1998	15	13.0%	9.0%
FMV Opinions, Inc.	1997-2000	182	N/A	<u>25.9%</u>
		Average		17.5%

Addendum 6-2

The restricted stock studies demonstrate that discounts do exist to compensate investors for their relative inability to liquidate an investment over the course of a given holding period. The statistics associated with the studies fell within a reasonably close range, although variation of implied discounts was noted within each of the studies. Variations in observed discounts were generally attributed to company-specific (i.e., investment specific) factors. The information above also supports the notion that discounts declined when holding periods were reduced, which can be anticipated based on accepted financial theory.

Based on these studies, it was determined that the discounts appropriate for lock-up periods of two years could be as high as 33%. While datapoints underlying the specific studies suggested that discounts could range much higher, it was considered that such high levels of discounts were frequently observed with investments that were subject to high levels of stock price volatility or business risk. As a result, the overall median restricted stock discount of approximately 33% for a two-year holding period was considered a reasonable upper boundary for use in this analysis.

Against the backdrop of the restricted stock studies, together with the experience of Empire's principals, a range of discounts was estimated that could be considered reasonably appropriate for various lock-up periods up to two years, as detailed in Table II.

Table II
Estimated Lock-up Period Discounts

Lock-up Period	Estimated Discount Range
0-1 Months	1-5%
1-6 Months	5-7%
6-12 Months	7-10%
13-18 Months	11-25%
19-24 Months	26-33%

The estimated breakdown is further supported by the restricted stock discounts associated with a one-year holding period, as summarized by two studies in the table on the preceding page. In particular, the Columbia Financial Advisors' 1997-1998 study suggests a median discount over a one-year holding period of approximately 10%. While the FMV Opinions, Inc. 1997-2000 study suggests a higher level of discount for a one-year holding period, the authors of that study indicated that high levels of volatility were observed, contributing to the higher-than-expected level of discount. It should be recognized that these estimated ranges are

Addendum 6-3

likely to overlap; i.e., the holding period discount ultimately appropriate to a specific investment is dependent on the attributes of that particular investment.

The level of holding period discount will generally be impacted by the length of the expected holding period, the asset price volatility, and other investment-specific factors. In the context of this analysis, investment-specific factors could include: (1) the Funds' investment strategy; (2) the speed and ease with which management can harvest the investments made; (3) the marketplace for IPOs and mergers and acquisitions; (4) the level of focus management maintains of this particular Fund, given new funds being initiated; and (5) other timing and market specific factors.

APOLLO MANAGEMENT, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

		<u>HISTORY</u> <u>2006</u>	<u>PROJECT</u> <u>2007</u>	<u>PROJECT</u> <u>2008</u>
Adjusted Invested Capital		\$341,800,000	\$119,600,000	\$0
Management Fees		\$6,034,471	\$0	\$0
Operating Expense Ratio Estimate		68.6%	0.0%	0.0%
Operating Expenses		(\$4,137,805)	\$0	\$0
Operating Income		\$1,896,666	\$0	\$0
Margin:				
Adjustment				
Adjusted Pre-Tax Income		\$1,896,666	\$0	\$0
Tax Rate		42%	42%	42%
Tax		\$796,600	\$0	\$0
Net Income		\$1,100,066	\$0	\$0
Days			259	624
Present Value Factors	11%	1.0000	0.9286	0.8366
Present Value			\$0	\$0
Sum of Present Values			\$0	
Pass-through premium	15%		\$0	
Aggregate Marketable Value of Invested Capital			\$0	
Less: Outstanding Debt			\$0	
Aggregate Marketable Value of Partners' Capital			\$0	
Partner's Pro Rata Percentage	30.35%		\$0	
Discount for Lack of Marketability	10%		\$0	
Pro Rata, Fair Market Value of Partner's Capital			\$0	
Pro Rata, Fair Market Value of Partner's Capital, rounded			\$0	

APOLLO MANAGEMENT IV, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

	HISTORY 2006	PROJECT 2007	PROJECT 2008	PROJECT 2009	PROJECT 2010
Adjusted Invested Capital*	\$1,043,700,000	\$649,128,201	\$0	\$0	\$0
Management Fees*		\$6,142,871	\$3,164,500	\$0	\$0
Operating Expense Ratio Estimate		51.7%	32.0%	0.0%	0.0%
Operating Expenses*		(\$3,176,672)	(\$1,012,209)	\$0	\$0
Pre-Tax Income		\$2,966,199	\$2,152,291	\$0	\$0
Adjustments		\$0	\$0	\$0	\$0
Adjusted Pre-Tax Income		\$2,966,199	\$2,152,291	\$0	\$0
Tax Rate		42%	42%	42%	42%
Tax		\$1,245,804	\$903,962	\$0	\$0
Net Income		\$1,720,395	\$1,248,329	\$0	\$0
Horizon Value (Gordon Growth Model)*					
Days		259	624	989	1,354
Present Value Factors		0.9346	0.8496	0.7724	0.7022
Present Value		\$1,607,891	\$1,060,632	\$0	\$0
Discount Rate:	10%				
Sum of Present Values		\$2,668,522			
Pass-through premium	15%	\$400,278			
Aggregate Marketable Value of Invested Capital		\$3,068,801			
Less: Outstanding Debt		\$0			
Aggregate Marketable Value of Partners' Capital		\$3,068,801			
Partner's Pro Rata Percentage	30.35%	\$931,381			
Discount for Lack of Marketability	10%	(\$93,138)			
Pro Rata, Fair Market Value of Partner's Capital		\$838,243			
Pro Rata, Fair Market Value of Partner's Capital, rounded		\$840,000			

*Based on projections provided by management

APOLLO MANAGEMENT V, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

	HISTORY 2006	PROJECT 2007	PROJECT 2008	PROJECT 2009	PROJECT 2010	PROJECT 2011
Adjusted Invested Capital*	\$1,808,400,000	\$1,694,200,000	\$984,976,667	\$593,497,619	\$150,000,000	\$0
Management Fees*		\$13,348,875	\$11,376,706	\$6,653,302	\$3,619,674	\$843,750
Operating Expense Ratio Estimate		51.7%	32.0%	36.1%	41.9%	32.3%
Operating Expenses*		(\$6,903,123)	(\$3,638,995)	(\$2,400,520)	(\$1,516,158)	(\$272,830)
Pre-Tax Income		\$6,445,752	\$7,737,711	\$4,252,782	\$2,103,516	\$570,920
Adjustments		\$0	\$0	\$0	\$0	\$0
Adjusted Pre-Tax Income		\$6,445,752	\$7,737,711	\$4,252,782	\$2,103,516	\$570,920
Tax Rate		42%	42%	42%	42%	42%
Tax		\$2,707,216	\$3,249,839	\$1,786,168	\$883,477	\$239,787
Net Income		\$3,738,536	\$4,487,872	\$2,466,614	\$1,220,040	\$331,134
Days		259	624	989	1,354	1,719
Present Value Factors		0.9407	0.8630	0.7918	0.7264	0.6664
Present Value		\$3,516,771	\$3,873,081	\$1,952,948	\$886,211	\$220,668
Discount Rate:	9%					
Sum of Present Values		\$10,449,679				
Pass-through premium	15%	\$1,567,452				
Aggregate Marketable Value of Invested Capital		\$12,017,131				
Less: Outstanding Debt		\$0				
Aggregate Marketable Value of Partners' Capital		\$12,017,131				
Partner's Pro Rata Percentage	30.35%	\$3,647,199				
Discount for Lack of Marketability	15%	(\$547,080)				
Pro Rata, Fair Market Value of Partner's Capital		\$3,100,119				
Pro Rata, Fair Market Value of Partner's Capital, rounded		\$3,100,000				

*Based on projections provided by management

APOLLO MANAGEMENT VI, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

	HISTORY 2006	PROJECT 2007	PROJECT 2008	PROJECT 2009	PROJECT 2010	PROJECT 2011
Adjusted Invested Capital*	\$1,601,000,000	\$6,802,600,000	\$9,051,250,000	\$8,479,508,333	\$5,951,797,917	\$1,200,000,000
Management Fees*		\$120,175,978	\$62,470,081	\$61,660,872	\$50,332,530	\$22,943,613
Transaction And Monitoring Fees*		\$357,282,000	\$144,000,000	\$0	\$0	\$0
Broken Deal Fees*		(\$34,534,581)	(\$17,481,288)	\$0	\$0	\$0
LP Rebate*		(\$219,468,245)	(\$86,032,724)	\$0	\$0	\$0
Net Transaction and Monitoring Fees		\$103,279,174	\$40,485,988	\$0	\$0	\$0
Total Management Fees and Net Transaction and Monitoring Fees		\$223,455,152	\$102,956,069	\$61,660,872	\$50,332,530	\$22,943,613
Operating Expense Ratio Estimate		27.8%	32.0%	36.1%	41.9%	32.3%
Operating Expenses*		(\$62,146,780)	(\$19,981,910)	(\$22,247,321)	(\$21,082,575)	(\$7,418,900)
Pre-Tax Income		\$161,308,372	\$82,974,158	\$39,413,552	\$29,249,955	\$15,524,713
Adjustments		\$0	\$0	\$0	\$0	\$0
Adjusted Pre-Tax Income		\$161,308,372	\$82,974,158	\$39,413,552	\$29,249,955	\$15,524,713
Tax Rate		42%	42%	42%	42%	42%
Less: Tax		\$67,749,516	\$34,849,147	\$16,553,692	\$12,284,981	\$6,520,380
Net Income		\$93,558,856	\$48,125,012	\$22,859,860	\$16,964,974	\$9,004,334
Horizon Value (Gordon Growth Model)*						
Days		259	624	989	1,354	1,719
Present Value Factors	1.0000	0.9407	0.8630	0.7918	0.7264	0.6664
Present Value		\$88,009,078	\$41,532,390	\$18,099,357	\$12,322,995	\$6,000,510
Discount Rate:	9%					
Sum of Present Values		\$165,964,329				
Pass-through premium	15%	\$24,894,649				
Aggregate Marketable Value of Invested Capital		\$190,858,978				
Less: Outstanding Debt		\$0				
Aggregate Marketable Value of Partners' Capital		\$190,858,978				
Partner's Pro Rata Percentage	30.35%	\$57,925,700				
Discount for Lack of Marketability	15%	(\$8,688,855)				
Pro Rata, Fair Market Value of Partner's Capital		\$49,236,845				
Pro Rata, Fair Market Value of Partner's Capital		\$49,200,000				

*Based on projections provided by management

APOLLO INVESTMENT MANAGEMENT, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

		HISTORY 2006	PROJECT 2007	PROJECT 2008	PROJECT 2009	PROJECT 2010	PROJECT 2011	HORIZON
Assets Under Management (June 30)			\$2,600,000,000	\$3,450,000,000	\$4,300,000,000	\$5,150,000,000	\$6,000,000,000	
Assets Under Management (December 31)		\$2,175,000,000	\$3,025,000,000	\$3,875,000,000	\$4,725,000,000	\$5,575,000,000	\$6,425,000,000	
Leverage	33.0%							
Unleveraged Assets Under Management (June 30)			\$1,954,887,218	\$2,593,984,962	\$3,233,082,707	\$3,872,180,451	\$4,511,278,195	
Management Fees	2.0%		\$52,000,000	\$69,000,000	\$86,000,000	\$103,000,000	\$120,000,000	
Yield on assets	12.0%		\$312,000,000	\$414,000,000	\$516,000,000	\$618,000,000	\$720,000,000	
Other expense G&A			(\$1,000,000)	(\$2,000,000)	(\$3,000,000)	(\$4,000,000)	(\$5,000,000)	
Cost of debt	6.4%		(\$41,287,218)	(\$54,784,962)	(\$68,282,707)	(\$81,780,451)	(\$95,278,195)	
Gross carry	20.0%		\$43,542,556	\$57,643,008	\$71,743,459	\$85,843,910	\$99,944,361	\$99,944,361
Management Fees			\$52,000,000	\$69,000,000	\$86,000,000	\$103,000,000	\$120,000,000	\$120,000,000
Total Fees			\$95,542,556	\$126,643,008	\$157,743,459	\$188,843,910	\$219,944,361	\$219,944,361
			45%	45%	45%	45%	45%	45%
Less: Operating Expenses			(\$42,994,150)	(\$56,989,353)	(\$70,984,556)	(\$84,979,759)	(\$98,974,962)	(\$98,974,962)
Pre-Tax Income			\$52,548,406	\$69,653,654	\$86,758,902	\$103,864,150	\$120,969,398	\$120,969,398
Adjustment								
Adjusted Pre-Tax Income			\$52,548,406	\$69,653,654	\$86,758,902	\$103,864,150	\$120,969,398	\$120,969,398
Tax Rate			42%	42%	42%	42%	42%	42%
Tax			(22,070,331)	(29,254,535)	(36,438,739)	(43,622,943)	(50,807,147)	(50,807,147)
Net Income			\$30,478,075	\$40,399,119	\$50,320,163	\$60,241,207	\$70,162,251	\$70,162,251
Horizon Value (Gordon Growth Model)*								\$1,032,387,409
Discount Rate:	10.0%							
Long-Term Growth Rate:	3.0%							
Days			259	624	989	1,354	1,719	1,719
Present Value Factors			0.9346	0.8496	0.7724	0.7022	0.6383	0.6383
Present Value			\$28,484,969	\$34,324,753	\$38,867,345	\$42,300,336	\$44,787,929	\$659,022,380
Sum of Present Values								
Aggregate Fully Marketable Minority Interest			\$847,787,711					
Pass-through premium	20.0%		\$169,557,542					
Aggregate Marketable Value of Invested Capital			\$1,017,345,253					
Less: Outstanding Debt			\$0					
Aggregate Marketable Value of Partners' Capital			\$1,017,345,253					
Partner's Pro Rata Percentage	23.90%		\$243,145,515					
Discount for Lack of Marketability	15%		(\$36,471,827)					
Pro Rata, Fair Market Value of Partner's Capital			\$206,673,688					
Pro Rata, Fair Market Value of Partner's Capital			\$206,700,000					

2007 Multiples		
% of AUM	MVIC/Rev	MVIC/Op Inc
\$2,600,000,000	\$95,542,556	\$52,548,406
39.13%	10.6	19.4

* Gordon Growth Model [Horizon Net Income x (1+growth rate) / (capitalization rate + extra risk)]

APOLLO VIF MANAGEMENT, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

		HISTORY 2006	PROJECT 2007	PROJECT 2008	PROJECT 2009	PROJECT 2010	PROJECT 2011	HORIZON
Assets Under Management								
Class A Assets (VIF)		\$456,000,000	\$600,000,000	\$663,000,000	\$732,615,000	\$809,539,575	\$894,541,230	
Management Fees	1.5%		\$9,000,000	\$9,945,000	\$10,989,225	\$12,143,094	\$13,418,118	\$13,418,118
Operating Expense Ratio Estimate			45%	45%	45%	45%	45%	45%
Operating Expenses			(\$4,050,000)	(\$4,475,250)	(\$4,945,151)	(\$5,464,392)	(\$6,038,153)	(\$6,038,153)
Pre-Tax Income			\$4,950,000	\$5,469,750	\$6,044,074	\$6,678,701	\$7,379,965	\$7,379,965
Adjustments			\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Pre-Tax Income			\$4,950,000	\$5,469,750	\$6,044,074	\$6,678,701	\$7,379,965	\$7,379,965
Tax Rate			42%	42%	42%	42%	42%	42%
Tax			(\$2,079,000)	(\$2,297,295)	(\$2,538,511)	(\$2,805,055)	(\$3,099,585)	(\$3,099,585)
Net Income			\$2,871,000	\$3,172,455	\$3,505,563	\$3,873,647	\$4,280,380	\$4,280,380
Horizon Value (Gordon Growth Model)*								\$62,982,731
Days			259	624	989	1,354	1,719	1,719
Present Value Factors			0.9346	0.8496	0.7724	0.7022	0.6383	0.6383
Present Value			\$2,683,252	\$2,695,448	\$2,707,700	\$2,720,008	\$2,732,372	\$40,204,897
Discount Rate:	10%							
Long-term growth rate:	3%							
Sum of Present Values		\$53,743,677						
Pass-thru Premium	20%	\$10,748,735						
Aggregate Marketable Value of Invested Capital		\$64,492,412						
Less: Outstanding Debt		\$0						
Aggregate Marketable Value of Partners' Capital		\$64,492,412						
Partner's Pro Rata Percentage	26.90%	\$17,348,459						
Discount for Lack of Marketability	15%	(\$2,602,269)						
Pro Rata, Fair Market Value of Partner's Capital		\$14,746,190						
Pro Rata, Fair Market Value of Partner's Capital, rounded		\$14,700,000						

2007 Multiples		
% of AUM	MVIC/Rev	MVIC/Op Inc
\$600,000,000	\$9,000,000	\$4,950,000
10.75%	7.2	13.0

Based on management projections

APOLLO SVF MANAGEMENT, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

	HISTORY 2006	PROJECT 2007	PROJECT 2008	PROJECT 2009	PROJECT 2010	PROJECT 2011	HORIZON
Assets Under Management - SVF*	\$600,000,000	\$1,000,000,000	\$1,537,000,000	\$1,797,385,000	\$2,099,960,425	\$2,451,383,770	
Assets Under Management - SOMA*	\$400,000,000	\$400,000,000	\$600,000,000	\$800,000,000	\$1,000,000,000	\$1,200,000,000	
Management Fees-SVF**	2.0%	\$19,625,000	\$29,640,000	\$34,682,700	\$40,544,459	\$47,354,713	\$47,354,713
Management Fees - SOMA	1.6%	\$3,400,000	\$7,600,000	\$10,800,000	\$13,300,000	\$15,800,000	\$15,800,000
Total Management Fees		\$23,025,000	\$37,240,000	\$45,482,700	\$53,844,459	\$63,154,713	\$63,154,713
Operating Expense Ratio Estimate*		45%	45%	45%	45%	45%	45%
Operating Expenses		(\$10,361,250)	(\$16,758,000)	(\$20,467,215)	(\$24,230,006)	(\$28,419,621)	(\$28,419,621)
Pre-Tax Income		\$12,663,750	\$20,482,000	\$25,015,485	\$29,614,452	\$34,735,092	\$34,735,092
Adjustment		\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Pre-Tax Income		\$12,663,750	\$20,482,000	\$25,015,485	\$29,614,452	\$34,735,092	\$34,735,092
Tax Rate		42%	42%	42%	42%	42%	42%
Tax		(\$5,318,775)	(\$8,602,440)	(\$10,506,504)	(\$12,438,070)	(\$14,588,739)	(\$14,588,739)
Net Income		\$7,344,975	\$11,879,560	\$14,508,981	\$17,176,382	\$20,146,353	\$20,146,353
Horizon Value (Gordon Growth Model)*							\$296,439,200
Days	0	259	624	989	1,354	1,719	1,719
Present Value Factors	1.0000	0.9346	0.8496	0.7724	0.7022	0.6383	0.6383
Present Value		\$6,864,652	\$10,093,363	\$11,206,752	\$12,060,959	\$12,860,383	\$189,231,354
Discount Rate:	10%						
Long-Term Growth	3%						
Sum of Present Values		\$242,317,463					
Pass-thru Premium	15%	\$36,347,619					
Aggregate Marketable Value of Invested Capital		\$278,665,082					
Less: Outstanding Debt		\$0					
Aggregate Marketable Value of Partners' Capital		\$278,665,082					
Partner's Pro Rata Percentage	44%	\$122,612,636					
Discount for Lack of Marketability	15%	(\$18,391,895)					
Pro Rata, Fair Market Value of Partner's Capital		\$104,220,741					
Pro Rata, Fair Market Value of Partner's Capital, rounded		\$104,200,000					

2007 Multiples		
% of AUM	MVIC/Rev	MVIC/Op Inc
\$1,000,000,000	\$23,025,000	\$12,663,750
27.9%	12.1	22.0

*Based on Management Projections, includes SOMA

**Beginning in 2008 Management projects assets will also be derived from Class B assets, which have a management fee of 1.75%.

APOLLO SVF ADVISORS, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

	History 2006	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011	HORIZON
Assets Under Management (June 30)	\$600,000,000	\$1,000,000,000	\$1,537,000,000	\$1,797,385,000	\$2,099,960,425	\$2,451,383,770	
Growth in Assets		66.7%	53.7%	16.9%	16.8%	16.7%	
Management fees (Dec. 31, for calculation of gross carry)	2.00%	(a)	\$19,625,000	\$29,640,000	\$34,682,700	\$40,544,459	\$47,354,713
Yield on assets	15.00%	(b)	\$142,968,750	\$189,051,000	\$244,522,507	\$360,236,500	\$344,846,049
Fund Expenses	0.30%	(c)	(\$2,482,759)	(\$4,136,250)	(\$4,644,806)	(\$5,217,898)	(\$5,863,973)
Net Fund Profits		(d = -a + b + c)	\$120,860,991	\$155,274,750	\$205,195,001	\$314,474,143	\$291,627,363
Gross carry (i.e. Revenue)	20.00%		\$24,172,198	\$31,054,950	\$41,039,000	\$62,894,829	\$58,325,473
Operating Expense Ratio			45%	45%	45%	45%	45%
Operating Expenses			(\$10,877,489)	(\$13,974,728)	(\$18,467,550)	(\$28,302,673)	(\$26,246,463)
Adjustment			\$13,294,709	\$17,080,223	\$22,571,450	\$34,592,156	\$32,079,010
Adjusted Pre-Tax Income			\$13,294,709	\$17,080,223	\$22,571,450	\$34,592,156	\$32,079,010
Tax Rate			42%	42%	42%	42%	42%
Tax			(\$5,583,778)	(\$7,173,693)	(\$9,480,009)	(\$14,528,705)	(\$13,473,184)
Net Income			\$7,710,931	\$9,906,529	\$13,091,441	\$20,063,450	\$18,605,826
Horizon Value (Gordon Growth Model)*							\$136,885,718
Discount Rate:	17%						
Long-term growth rate:	3%						
Days		259	624	989	1,354	1,719	1,719
Present Value Factors	1.0000	0.8946	0.7646	0.6535	0.5585	0.4774	0.4774
Present Value		\$6,897,995	\$7,574,461	\$8,555,232	\$11,206,348	\$8,882,221	\$65,347,767
Sum of Present Values							
Aggregate Value B/Adjustments		\$108,464,023					
Pass-through premium	15%	\$16,269,604					
Aggregate Marketable Value of Invested Capital		\$124,733,627					
Less: Outstanding Debt		\$0					
Aggregate Marketable Value of Partners' Capital		\$124,733,627					
Partner's Pro Rata Percentage	44%	\$54,882,796					
Discount for Lack of Marketability	20%	(\$10,976,559)					
Pro Rata, Fair Market Value of Partner's Capital		\$43,906,237					
Pro Rata, Fair Market Value of Partner's Capital, rounded		\$43,900,000					

2007 Multiples		
% of AUM	MVIC/Rev	MVIC/Op Inc
\$1,000,000,000	\$24,172,198	\$13,294,709
12.5%	5.2	9.4

Note: Apollo SVF Advisors, LP did not receive carried interest income from the SVF prior to June 1, 2007. Carried interest income was previously received by Apollo SVF Management, LP. Yield on assets is for Class A. Class B assets will begin in 2008 and anticipate 20% yield. Projections provided by Management

**APOLLO ASIA MANAGEMENT,
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007**

	History 2006	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011	HORIZON
Assets Under Management (June 30)*	\$200,000,000	\$300,000,000	\$360,000,000	\$432,000,000	\$518,400,000	\$622,080,000	
Growth in Assets		50.0%	20.0%	20.0%	20.0%	20.0%	
Assets Under Management (December 31)*		\$330,000,000	\$396,000,000	\$475,200,000	\$570,240,000	\$684,288,000	
Leverage	33%						
Unleveraged Assets Under Management (June 30)		\$225,563,910	\$270,676,692	\$324,812,030	\$389,774,436	\$467,729,323	
Management fees	1.50%	\$4,500,000	\$5,400,000	\$6,480,000	\$7,776,000	\$9,331,200	\$9,331,200
Operating Expense Ratio*		45%	45%	45%	45%	45%	45%
Operating Expenses		(\$2,025,000)	(\$2,430,000)	(\$2,916,000)	(\$3,499,200)	(\$4,199,040)	(\$4,199,040)
Adjustment		\$2,475,000	\$2,970,000	\$3,564,000	\$4,276,800	\$5,132,160	\$5,132,160
Adjusted Pre-Tax Income		\$2,475,000	\$2,970,000	\$3,564,000	\$4,276,800	\$5,132,160	\$5,132,160
Tax Rate		42%	42%	42%	42%	42%	42%
Tax		(\$1,039,500)	(\$1,247,400)	(\$1,496,880)	(\$1,796,256)	(\$2,155,507)	(\$2,155,507)
Net Income		\$1,435,500	\$1,722,600	\$2,067,120	\$2,480,544	\$2,976,653	\$2,976,653
Horizon Value (Gordon Growth Model)*							47,397,472
Discount Rate:	10%						
Long-term growth rate:	3.5%						
Days		259	624	989	1,354	1,719	1,719
Present Value Factors		0.9346	0.8496	0.7724	0.7022	0.6383	0.6383
Present Value		1,341,626	1,463,592	1,596,646	1,741,795	1,900,140	30,256,078
Sum of Present Values		\$38,299,877					
Pass-through premium	15%	\$5,744,982					
Aggregate Marketable Value of Invested Capital		\$44,044,859					
Less: Outstanding Debt		\$0					
Aggregate Marketable Value of Partners' Capital		\$44,044,859					
Partner's Pro Rata Percentage	44%	\$19,379,738					
Discount for Lack of Marketability	20%	(\$3,875,948)					
Pro Rata, Fair Market Value of Partner's Capital		\$15,503,790					
Pro Rata, Fair Market Value of Partner's Capital, rounded		\$15,500,000					

2007 Multiples		
% of AUM	MVIC/Rev	MVIC/Op Inc
\$300,000,000	\$4,500,000	\$2,475,000
14.7%	9.8	17.8

*Based on management projections provide to Empire

**Gordon Growth Model: $Horizon\ Value = (horizon\ net\ income * (1 + long-term\ growth\ rate)) / (discount\ rate - long-term\ growth\ rate)$

APOLLO ASIA ADVISORS, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

		History 2006	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011	HORIZON
Assets Under Management (June 30)		\$200,000,000	\$300,000,000	\$360,000,000	\$432,000,000	\$518,400,000	\$622,080,000	
Growth in Assets			50.0%	20.0%	20.0%	20.0%	20.0%	
Assets Under Management (Dec. 31)			\$330,000,000	\$396,000,000	\$475,200,000	\$570,240,000	\$684,288,000	
Leverage	33%							
Unleveraged Assets Undermanagement		\$150,375,940	\$225,563,910	\$270,676,692	\$324,812,030	\$389,774,436	\$467,729,323	
Management fees (Dec. 31, for calculation of Gross Carry)	1.50%	(a)	\$4,500,000	\$5,400,000	\$6,480,000	\$7,776,000	\$9,331,200	
Yield on assets	15.00%	(b)	\$45,000,000	\$54,000,000	\$64,800,000	\$77,760,000	\$93,312,000	
Fund Expenses	0.25%	(c)	(\$750,000)	(\$900,000)	(\$1,080,000)	(\$1,296,000)	(\$1,555,200)	
Cost of Debt	6.40%	(d)	(\$4,763,910)	(\$5,716,692)	(\$6,860,030)	(\$8,232,036)	(\$9,878,443)	
Net Fund Profits		(e = -a + b + c + d)	\$34,986,090	\$41,983,308	\$50,379,970	\$60,455,964	\$72,547,157	
Gross carry (i.e. Revenue)	20.00%		\$6,997,218	\$8,396,662	\$10,075,994	\$12,091,193	\$14,509,431	\$14,509,431
Operating Expense Ratio			45%	45%	45%	45%	45%	45%
Operating Expenses			(\$3,148,748)	(\$3,778,498)	(\$4,534,197)	(\$5,441,037)	(\$6,529,244)	(\$6,529,244)
Adjustment			\$3,848,470	\$4,618,164	\$5,541,797	\$6,650,156	\$7,980,187	\$7,980,187
Adjusted Pre-Tax Income			\$3,848,470	\$4,618,164	\$5,541,797	\$6,650,156	\$7,980,187	\$7,980,187
Tax Rate			42%	42%	42%	42%	42%	42%
Tax			(\$1,616,357)	(\$1,939,629)	(\$2,327,555)	(\$2,793,066)	(\$3,351,679)	(\$3,351,679)
Net Income			\$2,232,113	\$2,678,535	\$3,214,242	\$3,857,090	\$4,628,509	\$4,628,509
Horizon Value (Gordon Growth Model)*								\$35,485,233
Discount Rate:	17%							
Long-term growth rate:	4%							
Days			259	624	989	1,354	1,719	1,719
Present Value Factors		1.0000	0.8946	0.7646	0.6535	0.5585	0.4774	0.4774
Present Value			\$1,996,789	\$2,047,989	\$2,100,501	\$2,154,360	\$2,209,600	\$16,940,268
Sum of Present Values			\$27,449,507					
Aggregate Value B/Adjustments			\$4,117,426					
Pass-through premium	15%		\$31,566,933					
Aggregate Marketable Value of Invested Capital			\$31,566,933					
Less: Outstanding Debt			\$0					
Aggregate Marketable Value of Partners' Capital			\$31,566,933					
Partner's Pro Rata Percentage	44%		\$13,889,450					
Discount for Lack of Marketability	20%		(\$2,777,890)					
Pro Rata, Fair Market Value of Partner's Capital			\$11,111,560					
Pro Rata, Fair Market Value of Partner's Capital, rounded			\$11,100,000					

2007 Multiples		
% of AUM	MVIC/Rev	MVIC/Op Inc
\$300,000,000	\$6,997,218	\$3,848,470
10.5%	4.5	8.2

Note: Apollo SVF Advisors, LP did not receive carried interest income from the SVF prior to June 1, 2007. Carried interest income was previously received by Apollo SVF Management, LP. Yield on assets is for Class A. Class B assets will begin in 2008 and anticipate 20% yield. Projections provided by Management

APOLLO EUROPE MANAGEMENT, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

	HISTORY 2006	PROJECT 2007	PROJECT 2008	PROJECT 2009	PROJECT 2010	PROJECT 2011	HORIZON
Assets Under Management (June 30)*	\$250,000,000	\$500,000,000	\$1,000,000,000	\$1,500,000,000	\$2,000,000,000	\$2,500,000,000	
Assets Under Management (December 31)*		\$750,000,000	\$1,250,000,000	\$1,750,000,000	\$2,250,000,000	\$2,750,000,000	
Leverage	50.0%						
Unleveraged Assets Under Management (June 30)		\$333,333,333	\$666,666,667	\$1,000,000,000	\$1,333,333,333	\$1,666,666,667	
Management Fee	2.0%	\$10,000,000	\$20,000,000	\$30,000,000	\$40,000,000	\$50,000,000	\$50,000,000
Yield on assets*	12.0%	\$312,000,000	\$414,000,000	\$516,000,000	\$618,000,000	\$720,000,000	
Other expense G&A		(\$1,000,000)	(\$2,000,000)	(\$3,000,000)	(\$4,000,000)	(\$5,000,000)	
Cost of debt	6.4%	(\$41,287,218)	(\$54,784,962)	(\$68,282,707)	(\$81,780,451)	(\$95,278,195)	
Gross carry*	20.0%	\$43,542,556	\$57,643,008	\$71,743,459	\$85,843,910	\$99,944,361	\$99,944,361
Total Revenues		\$53,542,556	\$77,643,008	\$101,743,459	\$125,843,910	\$149,944,361	\$149,944,361
Operating Expenses	45.0%	(\$24,094,150)	(\$34,939,353)	(\$45,784,556)	(\$56,629,759)	(\$67,474,962)	(\$67,474,962)
Adjustments							
Adjusted Pre-Tax Income		\$29,448,406	\$42,703,654	\$55,958,902	\$69,214,150	\$82,469,398	\$82,469,398
Tax Rate		42%	42%	42%	42%	42%	42%
Tax		(\$12,368,331)	(\$17,935,535)	(\$23,502,739)	(\$29,069,943)	(\$34,637,147)	(\$34,637,147)
Net Income		\$17,080,075	\$24,768,119	\$32,456,163	\$40,144,207	\$47,832,251	\$47,832,251
Horizon Value (Gordon Growth Model)**							\$521,119,789
Days		259	624	989	1,354	1,719	1,719
Present Value Factors	1.0000	0.9169	0.8114	0.7181	0.6355	0.5624	0.5624
Present Value		\$15,661,231	\$20,097,901	\$23,306,465	\$25,510,776	\$26,899,435	\$293,062,270
Discount Rate:	13%						
Long-term growth rate:	4%						
Sum of Present Values		\$404,538,079					
Aggregate Value B/Adjustments		\$60,680,712					
Pass-thru Premium	15%	\$60,680,712					
Aggregate Marketable Value of Invested Capital		\$465,218,791					
Less: Outstanding Debt		\$0					
Aggregate Marketable Value of Partners' Capital		\$465,218,791					
Partner's Pro Rata Percentage	44%	\$204,696,268					
Discount for Lack of Marketability	20%	(\$40,939,254)					
Pro Rata, Fair Market Value of Partner's Capital		\$163,757,015					
Pro Rata, Fair Market Value of Partner's Capital, rounded		\$163,800,000					

2007 Multiples		
% of AUM	MVIC/Rev	MVIC/Op Inc
\$500,000,000	\$53,542,556	\$29,448,406
93.0%	8.7	15.8

*Based on projections supplied by management

** Gordon Growth Model $[\text{Horizon Net Income} \times (1 + \text{growth rate}) / (\text{discount rate} - \text{long-term growth rate})]$

APOLLO ALTERNATIVE ASSETS, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

	HISTORY 2006	PROJECT 2007	PROJECT 2008	PROJECT 2009	PROJECT 2010	PROJECT 2011	HORIZON
New invested capital	\$231,000,000	\$770,368,571	\$564,465,714	\$580,360,000	\$580,360,000	\$609,645,714	
New leverage		\$80,302,857	\$141,116,429	\$145,090,000	\$145,090,000	\$152,411,429	
New invested capital with leverage		\$0	\$0	\$0	\$0	\$0	
Total invested capital		\$893,782,857	\$1,445,731,298	\$1,962,480,778	\$2,341,103,529	\$2,507,378,436	
Total invested capital with leverage		\$974,085,714	\$1,664,576,228	\$2,313,333,295	\$2,795,555,893	\$3,023,056,680	
Assets Under Management (June 30)		\$231,000,000	\$601,020,465	\$1,594,323,126	\$2,678,781,562	\$3,679,792,173	
Assets Under Management (December 31)		\$259,733,769	\$1,113,316,803	\$2,151,410,265	\$3,267,252,327	\$3,967,234,268	
Management Fees	1.25%	\$6,648,045	\$21,897,253	\$36,093,321	\$49,684,206	\$57,093,006	\$57,093,006
Transactions Fees		\$46,106,774	\$37,332,471	\$38,422,108	\$38,293,284	\$40,447,050	\$40,447,050
Total Fees		\$52,754,819	\$59,229,723	\$74,515,429	\$87,977,491	\$97,540,056	\$97,540,056
Operating Expense Ratio Estimate		45%	45%	45%	45%	45%	45%
Operating Expenses		(\$23,739,668)	(\$26,653,375)	(\$33,531,943)	(\$39,589,871)	(\$43,893,025)	(\$43,893,025)
Pre-Tax Income		\$29,015,150	\$32,576,348	\$40,983,486	\$48,387,620	\$53,647,031	\$53,647,031
Adjustment		\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Pre-Tax Income		\$29,015,150	\$32,576,348	\$40,983,486	\$48,387,620	\$53,647,031	\$53,647,031
Tax Rate		42%	42%	42%	42%	42%	42%
Tax		(\$12,186,363)	(\$13,682,066)	(\$17,213,064)	(\$20,322,800)	(\$22,531,753)	(\$22,531,753)
Net Income		\$16,828,787	\$18,894,282	\$23,770,422	\$28,064,820	\$31,115,278	\$31,115,278
Horizon Value (Gordon Growth Model)*							\$359,554,321
Discount Rate:	13%						
Long-Term Growth	4.0%						
Days		259	624	989	1,354	1,719	1,719
Present Value Factors		0.9169	0.8114	0.7181	0.6355	0.5624	0.5624
Present Value		\$15,430,818	\$15,331,621	\$17,069,316	\$17,834,586	\$17,498,307	\$202,202,656
Sum of Present Values		\$285,367,304					
Pass-thru Premium	20%	\$57,073,461					
Aggregate Marketable Value of Invested Capital		\$342,440,764					
Less: Outstanding Debt		\$0					
		\$342,440,764					
Partner's Pro Rata Percentage	44%	\$150,673,936					
Discount for Lack of Marketability	20%	(\$30,134,787)					
Pro Rata, Fair Market Partner's Capital		\$120,539,149					
Pro Rata, Fair Market Partner's Capital, rounded		\$120,500,000					

2007 Multiples		
% of AUM	MVIC/Rev	MVIC/Op Inc
\$231,000	\$6,648,045	\$29,015,150
148.24%	51.5	11.8

* Gordon Growth Model [Horizon Net Income x (1+growth rate) / (capitalization rate + extra risk)]

APOLLO MANAGEMENT VII, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

	PROJECT 2007	PROJECT 2008	PROJECT 2009	PROJECT 2010	PROJECT 2011	PROJECT 2012	PROJECT 2013	PROJECT 2014	
Adjusted Invested Capital*	\$0	\$2,539,075,000	\$7,617,225,000	\$12,695,375,000	\$15,234,450,000	\$12,695,375,000	\$7,617,225,000	\$2,539,075,000	
Management Fees*	\$0	\$175,000,000	\$175,000,000	\$175,000,000	\$111,186,298	\$104,237,154	\$69,491,436	\$32,429,337	
Transaction And Monitoring Fees*	\$0	\$152,344,500	\$304,689,000	\$304,689,000	\$152,344,500	\$0	\$0	\$0	
Broken Deal Fees*	\$0	(\$17,535,917)	(\$35,734,243)	(\$36,636,009)	(\$18,663,256)	\$0	\$0	\$0	
LP Rebate*	\$0	(\$91,669,836)	(\$182,889,235)	(\$182,276,034)	(\$90,903,246)	\$0	\$0	\$0	
Net Transaction and Monitoring Fees	\$0	\$43,138,747	\$86,065,522	\$85,776,957	\$42,777,998	\$0	\$0	\$0	
Total Management Fees and Net Transaction and Monitoring Fees	\$0	\$218,138,747	\$261,065,522	\$260,776,957	\$153,964,296	\$104,237,154	\$69,491,436	\$32,429,337	
Operating Expense Ratio Estimate	0.0%	32.0%	36.1%	41.9%	32.3%	32.3%	32.3%	32.3%	
Operating Expenses*	\$0	(\$55,976,144)	(\$63,140,221)	(\$73,301,512)	(\$35,952,490)	(\$33,705,460)	(\$22,470,307)	(\$10,486,143)	
Pre-Tax Income	\$0	\$162,162,602	\$197,925,301	\$187,475,445	\$118,011,605	\$70,531,694	\$47,021,129	\$21,943,194	
Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Adjusted Pre-Tax Income	\$0	\$162,162,602	\$197,925,301	\$187,475,445	\$118,011,605	\$70,531,694	\$47,021,129	\$21,943,194	
Tax Rate	42%	42%	42%	42%	42%	42%	42%	42%	
Less: Tax	\$0	\$68,108,293	\$83,128,627	\$78,739,687	\$49,564,958	\$29,623,312	\$19,748,874	\$9,216,141	
Net Income	\$0	\$94,054,309	\$114,796,675	\$108,735,758	\$68,446,647	\$40,908,383	\$27,272,255	\$12,727,052	
Horizon Value (Gordon Growth Model)*									
Days		259	624	989	1,354	1,719	2,084	2,449	2,814
Present Value Factors	1.0000	0.9346	0.8496	0.7724	0.7022	0.6383	0.5803	0.5276	0.4796
Present Value		\$0	\$79,912,408	\$88,669,068	\$76,352,372	\$43,692,904	\$23,739,802	\$14,387,759	\$6,103,898
Discount Rate:		10%							
Sum of Present Values					\$332,858,210				
Pass-through premium		15%			\$49,928,731				
Aggregate Marketable Value of Invested Capital					\$382,786,941				
Less: Outstanding Debt					\$0				
Aggregate Marketable Value of Partners' Capital					\$382,786,941				
Partner's Pro Rata Percentage		30.35%			\$116,175,837				
Discount for Lack of Marketability		20%			(\$23,235,167)				
Pro Rata, Fair Market Value of Partner's Capital					\$92,940,669				
Pro Rata, Fair Market Value of Partner's Capital					\$92,900,000				

*Based on projections provided by management

APOLLO ADVISORS VII, LP
SUMMARY OF DISCOUNTED FUTURE CASH FLOWS
AS OF APRIL 16, 2007

		PROJECTED CASH FLOWS								
		2007	2008	2009	2010	2011	2012	2013	2014	2015
Anticipated Carried Interest from AIF VII **, **		\$0	\$0	\$0	\$0	\$0	\$725,895,845	\$1,446,838,344	\$1,440,764,646	\$718,923,003
Pro Rata Share of AIV VII Direct Interest Profit ***		\$0	\$0	\$0	\$0	\$0	\$90,736,981	\$180,854,793	\$180,095,581	\$89,865,375
Aggregate Taxable Cash Flows		\$0	\$0	\$0	\$0	\$0	\$816,632,826	\$1,627,693,137	\$1,620,860,227	\$808,788,378
Less: Operating Expenses	45%	\$0	\$0	\$0	\$0	\$0	(\$367,484,772)	(\$732,461,912)	(\$729,387,102)	(\$363,954,770)
Operating Income		\$0	\$0	\$0	\$0	\$0	\$449,148,054	\$895,231,226	\$891,473,125	\$444,833,608
Less: Tax	42%	\$0	\$0	\$0	\$0	\$0	(\$188,642,183)	(\$375,997,115)	(\$374,418,712)	(\$186,830,115)
After-Tax Cash Flows	(a)	\$0	\$0	\$0	\$0	\$0	\$260,505,871	\$519,234,111	\$517,054,412	\$258,003,493
Discount Rate	18%									
Days		259	624	989	1,354	1,719	2,084	2,449	2,814	3,179
Present Value Factors	(b)	0.8892	0.7535	0.6386	0.5412	0.4586	0.3887	0.3294	0.2791	0.2366
Present Value of After-Tax Cash Flows	(c = a x b)	\$0	\$0	\$0	\$0	\$0	\$101,251,344	\$171,026,925	\$144,329,635	\$61,032,736
Sum of Present Value of After-Tax Cash Flows	(d = sum of c)						\$477,640,640			
Pass-through premium	15%						\$71,646,096			
Aggregate Marketable Carried Interest and Investment Return Value	(f = e + d)						\$549,286,736			
Pro Rata Share of AIV VII Deployment and Return of Capital ****	(g)	\$0	(\$63,476,875)	(\$126,953,750)	(\$126,953,750)	(\$63,476,875)	\$63,476,875	\$126,953,750	\$126,953,750	\$63,476,875
Present Value of Return of Capital	(h = g x b)	\$0	(\$47,832,915)	(\$81,072,737)	(\$68,705,709)	(\$29,112,589)	\$24,671,685	\$41,816,416	\$35,437,640	\$15,015,949
Aggregate Marketable Value of Return of Capital	(i = sum of h)						(\$109,782,259)			
Aggregate Marketable Value of Invested Capital	(j = f + i)						\$439,504,477			
Less: Debt Outstanding							\$0			
Aggregate Marketable Value of Equity							\$439,504,477			
Pro Rata, Partner Interest	24.64%						\$108,293,903			
Discount for Lack of Marketability	25%						(\$27,073,476)			
Pro Rata, Fair Market Value							\$81,220,427			
Pro Rata, Fair Market Value, rounded							\$81,200,000			

*AIF VII - Apollo Investment Fund VII, LP

**See Page 2

***See Page 3

****See Page 4

APOLLO EPF MANAGEMENT, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

		HISTORY 2006	PROJECT 2007	PROJECT 2008	PROJECT 2009	PROJECT 2010	PROJECT 2011	HORIZON
Assets Under Management (June 30)*		\$0	\$300,000,000	\$360,000,000	\$432,000,000	\$518,400,000	\$622,080,000	
Growth in Assets			NA	20.0%	20.0%	20.0%	20.0%	
Assets Under Management (December 31)*			\$330,000,000	\$396,000,000	\$475,200,000	\$570,240,000	\$684,288,000	
Leverage	33%							
Unleveraged Assets Under Management (June 30)			\$225,563,910	\$270,676,692	\$324,812,030	\$389,774,436	\$467,729,323	
Management fees	1.50%		\$4,500,000	\$5,400,000	\$6,480,000	\$7,776,000	\$9,331,200	\$9,331,200
Operating Expense Ratio*			45%	45%	45%	45%	45%	45%
Operating Expenses			(\$2,025,000)	(\$2,430,000)	(\$2,916,000)	(\$3,499,200)	(\$4,199,040)	(\$4,199,040)
			\$2,475,000	\$2,970,000	\$3,564,000	\$4,276,800	\$5,132,160	\$5,132,160
Adjustment								
Adjusted Pre-Tax Income			\$2,475,000	\$2,970,000	\$3,564,000	\$4,276,800	\$5,132,160	\$5,132,160
Tax Rate			42%	42%	42%	42%	42%	42%
Tax			(\$1,039,500)	(\$1,247,400)	(\$1,496,880)	(\$1,796,256)	(\$2,155,507)	(\$2,155,507)
Net Income			\$1,435,500	\$1,722,600	\$2,067,120	\$2,480,544	\$2,976,653	\$2,976,653
Horizon Value (Gordon Growth Model)*								34,396,877
Discount Rate:	13%							
Long-term growth rate:	4%							
Days			259	624	989	1,354	1,719	1,719
Present Value Factors		1.0000	0.9169	0.8114	0.7181	0.6355	0.5624	0.5624
Present Value			1,316,253	1,397,791	1,484,379	1,576,332	1,673,981	19,343,780
Sum of Present Values			\$26,792,516					
Pass-through premium	15%		\$4,018,877					
Aggregate Marketable Value			\$30,811,394					
Discount for Lack of Marketability	20%		(\$6,162,279)					
Aggregate Fair Market Value			\$24,649,115					
Partner's Pro Rata Percentage	44%							
Pro Rata Fair Market Value			\$10,845,611					

2007 Multiples		
% of AUM	MVIC/Rev	MVIC/Op Inc
\$300,000,000	\$4,500,000	\$2,475,000
10.3%	6.8	12.4

*Based on management projections provide to Empire

**Gordon Growth Model: Horizon Value = (horizon net income * (1 + long-term growth rate)) / (discount rate - long-term growth rate)

APOLLO EPF ADVISORS, LP
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

		History 2006	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011	HORIZON
Assets Under Management (June 30)		\$0	\$300,000,000	\$360,000,000	\$432,000,000	\$518,400,000	\$622,080,000	
Growth in Assets			NA	20.0%	20.0%	20.0%	20.0%	
Assets Under Management (Dec. 31)			\$330,000,000	\$396,000,000	\$475,200,000	\$570,240,000	\$684,288,000	
Leverage	33%							
Unleveraged Assets Undermanagement			\$225,563,910	\$270,676,692	\$324,812,030	\$389,774,436	\$467,729,323	
Management fees (Dec. 31, for calculation of Gross Carry)	1.50%	(a)	\$4,500,000	\$5,400,000	\$6,480,000	\$7,776,000	\$9,331,200	
Yield on assets	15.00%	(b)	\$45,000,000	\$54,000,000	\$64,800,000	\$77,760,000	\$93,312,000	
Fund Expenses	0.25%	(c)	(\$750,000)	(\$900,000)	(\$1,080,000)	(\$1,296,000)	(\$1,555,200)	
Cost of Debt	6.40%	(d)	(\$4,763,910)	(\$5,716,692)	(\$6,860,030)	(\$8,232,036)	(\$9,878,443)	
Net Fund Profits		(e = -a + b + c + d)	\$34,986,090	\$41,983,308	\$50,379,970	\$60,455,964	\$72,547,157	
Gross carry (i.e. Revenue)	20.00%		\$6,997,218	\$8,396,662	\$10,075,994	\$12,091,193	\$14,509,431	\$14,509,431
Operating Expense Ratio			45%	45%	45%	45%	45%	45%
Operating Expenses			(\$3,148,748)	(\$3,778,498)	(\$4,534,197)	(\$5,441,037)	(\$6,529,244)	(\$6,529,244)
Adjustment			\$3,848,470	\$4,618,164	\$5,541,797	\$6,650,156	\$7,980,187	\$7,980,187
Adjusted Pre-Tax Income			\$3,848,470	\$4,618,164	\$5,541,797	\$6,650,156	\$7,980,187	\$7,980,187
Tax Rate			42%	42%	42%	42%	42%	42%
Tax			(\$1,616,357)	(\$1,939,629)	(\$2,327,555)	(\$2,793,066)	(\$3,351,679)	(\$3,351,679)
Net Income			\$2,232,113	\$2,678,535	\$3,214,242	\$3,857,090	\$4,628,509	\$4,628,509
Horizon Value (Gordon Growth Model)*								\$32,090,993
Discount Rate:	19%							
Long-term growth rate:	4%							
Days			259	624	989	1,354	1,719	1,719
Present Value Factors		1.0000	0.8839	0.7428	0.6242	0.5245	0.4408	0.4408
Present Value			\$1,972,917	\$1,989,496	\$2,006,214	\$2,023,073	\$2,040,074	\$14,144,513
Sum of Present Values			\$24,176,288					
Pass-through premium	15%		\$3,626,443					
Aggregate Marketable Value of Invested Capital			\$27,802,732					
Less: Outstanding Debt			\$0					
Aggregate Marketable Value of Partners' Capital			\$27,802,732					
Partner's Pro Rata Percentage	44.00%		\$12,233,202					
Discount for Lack of Marketability	20%		(\$2,446,640)					
Pro Rata, Fair Market Value of Partner's Capital			\$9,786,562					
Pro Rata, Fair Market Value of Partner's Capital, rounded			\$9,800,000					

2007 Multiples		
% of AUM	MVIC/Rev	MVIC/Op Inc
\$300,000,000	\$6,997,218	\$3,848,470
9.3%	4.0	7.2

Projections provided by Management

**APOLLO NEW FUND MANAGEMENT LP'S
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007**

		Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011	HORIZON
Assets Under Management (June 30)*		\$0	\$1,030,000,000	\$1,673,500,000	\$2,515,700,000	\$3,107,652,500	
Growth in Assets		NA	NA	62.5%	50.3%	23.5%	
Assets Under Management (December 31)*		\$515,000,000	\$1,351,750,000	\$2,094,600,000	\$2,811,676,250	\$3,418,417,750	
Leverage	33%						
Unleveraged Assets Under Management (June 30)		\$0	\$774,436,090	\$1,258,270,677	\$1,891,503,759	\$2,336,580,827	
Management fees	1.50%	\$0	\$15,450,000	\$25,102,500	\$37,735,500	\$46,614,788	\$46,614,788
Operating Expense Ratio*		45%	45%	45%	45%	45%	45%
Operating Expenses		\$0	(\$6,952,500)	(\$11,296,125)	(\$16,980,975)	(\$20,976,654)	(\$20,976,654)
Adjustment		\$0	\$8,497,500	\$13,806,375	\$20,754,525	\$25,638,133	\$25,638,133
Adjusted Pre-Tax Income		\$0	\$8,497,500	\$13,806,375	\$20,754,525	\$25,638,133	\$25,638,133
Tax Rate		42%	42%	42%	42%	42%	42%
Tax		\$0	(\$3,568,950)	(\$5,798,678)	(\$8,716,901)	(\$10,768,016)	(\$10,768,016)
Net Income		\$0	\$4,928,550	\$8,007,698	\$12,037,625	\$14,870,117	\$14,870,117
Horizon Value (Gordon Growth Model)*							154,649,219
Discount Rate:	14%						
Long-term growth rate:	4%						
Days		259	624	989	1,354	1,719	1,719
Present Value Factors		0.9112	0.7993	0.7012	0.6150	0.5395	0.5395
Present Value		0	3,939,447	5,614,601	7,403,672	8,022,615	83,435,191
Sum of Present Values		\$108,415,526					
Pass-through premium	15%	\$16,262,329					
Aggregate Marketable Value		\$124,677,855					
Discount for Lack of Marketability	20%	(\$24,935,571)					
Aggregate Fair Market Value		\$99,742,284					
Partner's Pro Rata Percentage	44%						
Pro Rata Fair Market Value		\$43,886,605					

2008 Multiples		
% of AUM	MVIC/Rev	MVIC/Op Inc
\$1,030,000,000	\$15,450,000	\$8,497,500
12.1%	8.1	14.7

*Based on management projections provide to Empire

**Gordon Growth Model: Horizon Value = (horizon net income * (1 + long-term growth rate)) / (discount rate - long-term growth rate)

APOLLO NEW FUNDS ADVISORS LP'S
DISCOUNTED FUTURE EARNINGS
AS OF APRIL 16, 2007

			Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011	HORIZON
Assets Under Management (June 30)			\$0	\$1,030,000,000	\$1,673,500,000	\$2,515,700,000	\$3,107,652,500	
Growth in Assets			NA	NA	62.5%	50.3%	23.5%	
Assets Under Management (Dec. 31)			\$515,000,000	\$1,351,750,000	\$2,094,600,000	\$2,811,676,250	\$3,418,417,750	
Leverage	33%							
Unleveraged Assets Undermanagement			\$0	\$774,436,090	\$1,258,270,677	\$1,891,503,759	\$2,336,580,827	
Management fees (Dec. 31, for calculation of Gross Carry)	1.50%	(a)	\$0	\$15,450,000	\$25,102,500	\$37,735,500	\$46,614,788	
Yield on assets	15.00%	(b)	\$0	\$154,500,000	\$251,025,000	\$377,355,000	\$466,147,875	
Fund Expenses	0.25%	(c)	\$0	(\$2,575,000)	(\$4,183,750)	(\$6,289,250)	(\$7,769,131)	
Cost of Debt	6.40%	(d)	\$0	(\$16,356,090)	(\$26,574,677)	(\$39,948,559)	(\$49,348,587)	
Net Fund Profits		(e = -a + b + c + d)	\$0	\$120,118,910	\$195,164,073	\$293,381,691	\$362,415,369	
Gross carry (i.e. Revenue)	20.00%		\$0	\$24,023,782	\$39,032,815	\$58,676,338	\$72,483,074	\$72,483,074
Operating Expense Ratio			45%	45%	45%	45%	45%	45%
Operating Expenses			\$0	(\$10,810,702)	(\$17,564,767)	(\$26,404,352)	(\$32,617,383)	(\$32,617,383)
Adjustment			\$0	\$13,213,080	\$21,468,048	\$32,271,986	\$39,865,691	\$39,865,691
Adjusted Pre-Tax Income			\$0	\$13,213,080	\$21,468,048	\$32,271,986	\$39,865,691	\$39,865,691
Tax Rate			42%	42%	42%	42%	42%	42%
Tax			\$0	(\$5,549,494)	(\$9,016,580)	(\$13,554,234)	(\$16,743,590)	(\$16,743,590)
Net Income			\$0	\$7,663,586	\$12,451,468	\$18,717,752	\$23,122,101	\$23,122,101
Horizon Value (Gordon Growth Model)*								\$133,594,359
Discount Rate:	22%							
Long-term growth rate:	4%							
Days			259	624	989	1,354	1,719	1,719
Present Value Factors		1.0000	0.8684	0.7118	0.5834	0.4782	0.3920	0.3920
Present Value			\$0	\$5,454,968	\$7,264,754	\$8,951,467	\$9,063,751	\$52,368,340
Sum of Present Values			\$83,103,280					
Pass-through premium	15%		\$12,465,492					
Aggregate Marketable Value of Invested Capital			\$95,568,772					
Less: Outstanding Debt			\$0					
Aggregate Marketable Value of Partners' Capital			\$95,568,772					
Partner's Pro Rata Percentage	44.00%		\$42,050,260					
Discount for Lack of Marketability	20%		(\$8,410,052)					
Pro Rata, Fair Market Value of Partner's Capital			\$33,640,208					
Pro Rata, Fair Market Value of Partner's Capital, rounded			\$33,600,000					

2008 Multiples		
% of AUM	MVIC/Rev	MVIC/Op Inc
\$1,030,000,000	\$24,023,782	\$13,213,080
9.3%	4.0	7.2

APOLLO MANAGEMENT COMPANIES
BUILD APPROACH EQUITY RATE
MANAGEMENT FEE CASH FLOWS
AS OF APRIL 16, 2007

Risk-free Rate (20 years)	4.98%	
Equity Risk Premium	6.00%	
Size Premium (Beta Adjusted)	<u>1.03%</u>	Decile 4
Build-up Equity Rate of Return	12.01%	

APOLLO MANAGEMENT COMPANIES
GUIDELINE COMPANY VALUATION - DESCRIPTIONS
AS OF APRIL 16, 2007

COMPANY	DESCRIPTION
Blackrock, Inc.	BlackRock, Inc. operates as an investment management firm in the United States with \$1.125 trillion of assets under management as of December 31, 2006. Its investment management services primarily consist of the active management of fixed income, cash management and equity client accounts, the management of open-end and closed-end mutual fund families, and other non-United States equivalent retail products serving the institutional and retail markets, and the management of alternative funds developed to serve various customer needs. It also offers risk management, investment system outsourcing and financial advisory services to institutional investors under the BlackRock Solutions brand name.
Eaton Vance Corp.	Eaton Vance Corp. is principally engaged in the business of managing investment funds and providing investment management and counseling services to high-net-worth individuals and institutions. The Company's products and services include Company-sponsored open-end and closed-end funds, private funds for high-net-worth and institutional investors, retail managed accounts and separately managed accounts for institutional and high-net-worth investors. As of October 31, 2006, Eaton Vance managed \$128.9 billion in assets. The Company conducts its investment management business through its three wholly owned subsidiaries, Eaton Vance Management (EVM), Boston Management and Research (BMR) and Eaton Vance Investment Counsel (EVIC), and its three majority owned subsidiaries: Atlanta Capital Management, LLC (Atlanta Capital), Fox Asset Management LLC (Fox Asset Management) and Parametric
Franklin Resources, Inc.	Franklin Resources, Inc. is an investment management company. Through its wholly owned direct and indirect subsidiaries, Franklin Resources, Inc. provides investment management and fund administration services to open-end and closed-end investment companies, institutional accounts, high-net-worth families, individuals and separate accounts in the United States and internationally. Franklin Resources, Inc. also provides investment management services and other related services, including shareholder services, transfer agency, underwriting, distribution, custodial, trustee and other fiduciary services. In the company's secondary business and operating segment, banking/finance, it provides clients with select retail banking and consumer lending services through its bank subsidiaries.
Nuveen Investments, Inc.	Nuveen Investments, Inc. is primarily engaged in asset management and related research, as well as the development, marketing and distribution of investment products and services for the affluent, high-net-worth and institutional market segments. Nuveen Investments distributes its investment products and services, including individually managed accounts, closed-end exchange-traded funds and open-end mutual funds to affluent and high-net-worth market segments through unaffiliated intermediary firms, including broker-dealers, commercial banks, affiliates of insurance providers, financial planners, accountants, consultants and investment advisors. The company also provides managed accounts and partnerships to several institutional market segments.
T. Rowe Price Group, Inc.	T. Rowe Price Group, Inc. is a financial services holding company that provides investment advisory services to individual and institutional investors in the sponsored T. Rowe Price mutual funds and other investment portfolios. The Company operates its investment advisory business through its subsidiary companies, primarily T. Rowe Price Associates, Inc., T. Rowe Price International Funds, Inc. and T. Rowe Price Global Investment Services Limited
Legg Mason Inc.	Legg Mason, Inc. is a global asset management company. Acting through its subsidiaries, the Company provides investment management and related services to institutional and individual clients, company-sponsored mutual funds and other investment vehicles. The Company offers these products and services directly and through various financial intermediaries. It divides its business into three divisions: Mutual Funds/Managed Services, Institutional and Wealth Management. Within each of its divisions, the Company provides its services through a number of asset managers, which are individual businesses, each of which is housed in one or more different subsidiaries, which typically market their products and services under their own brand name. During the fiscal year ended March 31, 2006, the Company acquired Permal Group Ltd, a global funds-of-hedge funds manager. It also exited from the non-asset management
Allied Capital Corp.	Allied Capital Corporation is a business development company (BDC) engaged in the private equity business. The Company provides long-term debt and equity capital primarily to private middle market companies in a variety of industries. These investments are long-term in nature and are privately negotiated. From time to time, it may invest in companies that are public but lack access to additional public capital. It primarily invests in the American entrepreneurial economy. The Company does not provide seed or early-stage capital.
Harris & Harris Group Inc.	Harris & Harris Group, Inc. is a venture capital company specializing in tiny technology that operates as a business development company (BDC). The Company's investment focuses to achieve capital appreciation by making venture capital investments in early stage companies. As a venture capital company, the Company invests in and provides managerial assistance to its portfolio companies that have potential for growth. Harris & Harris Group makes initial venture capital investments exclusively in tiny technology, which it defines as nanotechnology, microsystems and microelectromechanical systems (MEMS).
Alternative Investment Strategie	Alternative Investment Strategies Ltd. is a closed-end investment company. The company's objective is to achieve returns with low volatility. It intends to achieve this by investing principally in a diversified portfolio of hedge funds. Close Fund Services Limited acts as the manager of the company.
American Capital Strategies LTI	American Capital Strategies, Ltd. ("American Capital") invests in and sponsors management and employee buyouts, invests in private equity-sponsored buyouts, provides capital directly to early stage and mature private and small public companies, invest in commercial mortgage-backed securities ("CMBS") and collateralized debt obligation ("CDO") securities, and invest in investment funds managed by the company. American Capital provides senior debt, mezzanine debt and equity to fund growth, acquisitions and recapitalizations. The company, through its asset management business, is also a manager of debt and equity investments in private companies. American Capital provides capital directly to private and small public companies for growth, acquisitions or recapitalizations.
Candover Investments plc	Candover Investments plc is a United Kingdom-based independent trust that organizes and invests principally in large European buyouts. It is engaged in the identification, implementation and monitoring of large buyouts and buyins. Candover Investments plc makes an investment either under a co-investment agreement with third-party funds or its own account. The third-party managed funds are managed by Candover Partners Limited.
3i Group plc	3i Group plc is an investment trust engaged in private equity and venture capital activities. It focuses on buyouts, growth capital and venture capital, and invests across Europe, the United States and Asia. Its Buyouts business line invests in European mid-market buyout transactions with a value of up to €1billion and targets around 15 investments per year. Its Growth Capital business makes minority investments across a range of sectors, business sizes and funding needs, and targets investments of between €10 million and €150 million.
Man Group plc.	Man Group Plc is a holding company. Through its subsidiaries, the Company operates as a provider of alternative investment products and solutions, as well as acts a futures broker. Man Investments, the Asset Management division of the Company, provides access for private and institutional investors worldwide to hedge fund and other alternative investment strategies through a range of products and solutions designed to deliver absolute returns with a low correlation to equity and bond market benchmarks. Man Financial, the Brokerage division, acts as a broker of futures, options and other equity derivatives for both institutional and private clients, and acts as an intermediary in the metals, energy and foreign exchange markets. Man Financial provides intermediary and matched principal broking and other related services to a worldwide client base, which ranges from financial institutions, asset managers and industrial groups to
Partners Group Holding	Partners Group Holding is a Switzerland-based financial company. It is a global alternative asset management firm. It invests in private equity, hedge funds and private debt. The Group manages a range of funds, structured products and customized portfolios for an international clientele of institutional investors, private banks and distribution partners. Partners Group Holding is headquartered in Zug, Switzerland and has offices in New York, London, Singapore and Guernsey.
SVG Capital	SVG Capital plc is a private equity investor and fund management business. SVG Capital invests in a portfolio of private equity funds, the majority of which are advised by Permira. In addition, the Company invests in private equity funds that invest in Japan, North America, Asia and the life sciences sectors, and in unquoted and quoted businesses through specialist funds and co-investments alongside these funds. SVG Capital's fund management business, SVG Advisers, structures, markets, manages and advises products for investment in private and public equity using private equity techniques.
Fortress Investment Group LLC	Fortress Investment Group LLC (Fortress) is a global alternative asset manager with approximately \$26 billion in assets under management as of September 30, 2006. The Company raises, invests and manages private equity funds, hedge funds and publicly traded alternative investment vehicles. Fortress earns management fees based on the size of its funds, incentive income based on the performance of the Company's funds, and investment income from Fortress' principal investments in those funds.

APOLLO MANAGEMENT COMPANIES

AS OF APRIL 16, 2007
BETA CALCULATION

Company Name	Symbol	Beta ¹	Share Price	Shares Outstanding	MV of Equity	LT Debt	Preferred	MVIC	Tax Rate	Debt/Equity
<i>(Stocks traded on U.S. stock exchanges)</i>										
Blackrock, Inc	BLK	0.90	160.60	116.41	18,695.4	253.2	0.1	18,948.7	38.2%	1.4%
Eaton Vance Corp	EV	1.09	37.56	126.38	4,746.8	-	-	4,746.8	37.5%	0.0%
Franklin Resources, Inc	BEN	1.24	129.47	253.55	32,827.1	899.7	-	33,726.8	35.9%	2.7%
Nuveen Investments, Inc	JNC	0.98	49.94	78.81	3,935.8	644.5	-	4,580.3	39.8%	16.4%
T. Rowe Price	TROW	1.37	50.16	264.96	13,290.4	-	-	13,290.4	37.7%	0.0%
Legg Mason	LM	1.16	98.32	131.41	12,920.2	1,162.7	-	14,082.9	38.5%	9.0%
Allied Capital Corp	ALD	0.82	29.38	148.57	4,365.0	1,899.1	-	6,264.1	35.0%	43.5%
Harris and Harris Group, Inc	TINY	1.57	14.32	21.02	301.0	-	-	301.0	35.0%	0.0%
American Capital Strategies LTD	ACAS	0.87	46.73	147.60	6,897.3	3,926.0	-	10,823.3	41.3%	56.9%
<i>(Stocks traded on the London Stock Exchange)</i>										
Candover Investments plc	CDI	0.52	41.95	21.86	917.1	-	-	917.1	NA	0.0%
3i Group plc	III	1.28	23.43	396.24	9,282.0	3,674.3	-	12,956.3	0.4%	39.6%
Man Group plc.	EMG	0.81	11.32	1,907.48	21,599.7	1,546.0	-	23,145.7	19.1%	7.2%
SVG Capital	SVI	0.67	18.31	138.81	2,541.5	-	-	2,541.5	NA	0.0%
Average		1.02			10,178.4	1,077.3	0.0	11,255.8	32.6%	13.6%

Unlevered Beta Calculation

$$B_u = B_d / (1 + ((1-t)(D/E)))$$

Using Beta, tax rate and the industry's debt to equity ratio, the reported betas are first unlevered below and then relevered in the calculation to the right.

Blackrock, Inc	=	0.89
Eaton Vance Corp	=	1.09
Franklin Resources, Inc	=	1.22
Nuveen Investments, Inc	=	0.89
T. Rowe Price	=	1.37
Legg Mason	=	1.10
Allied Capital Corp	=	0.64
Harris and Harris Group, Inc	=	1.57
American Capital Strategies LTD	=	0.65
Candover Investments plc	=	0.52
3i Group plc	=	0.92
Man Group plc.	=	0.77
SVG Capital	=	0.67
Average	=	0.95
Median	=	0.89

Relevered Beta Calculation

B	=	$B_u(1 + ((1-t)(D/E)))$
B _u	=	0.80
D/E	=	25.0%
t	=	42.0%
B	=	0.92

Industry Debt/Total Capital Calculations

Debt/Total Inv. Capital	20.0%
Equity/Total Inv. Capital	80.0%

Tax Rate Calculation

Combined Tax Rate	42.00%
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Notes:

¹ Source: Bloomberg Network

Fortress Investment Group LLC - Insufficient trading data to calculate Beta

Partners Group - Insufficient trading data to calculate Beta

APOLLO ADVISOR COMPANIES

AS OF APRIL 16, 2007
BETA CALCULATION

Company Name	Symbol	Beta ¹	Share Price	Shares Outstanding	MV of Equity	LT Debt	Preferred	MVIC	Tax Rate	Debt/Equity
<i>(Stocks traded on U.S. stock exchanges)</i>										
Blackrock, Inc	BLK	0.90	160.60	116.41	18,695.4	253.2	0.1	18,948.7	38.2%	1.4%
Eaton Vance Corp	EV	1.09	37.56	126.38	4,746.8	-	-	4,746.8	37.5%	0.0%
Franklin Resources, Inc	BEN	1.24	129.47	253.55	32,827.1	899.7	-	33,726.8	35.9%	2.7%
Nuveen Investments, Inc	JNC	0.98	49.94	78.81	3,935.8	644.5	-	4,580.3	39.8%	16.4%
T. Rowe Price	TROW	1.37	50.16	264.96	13,290.4	-	-	13,290.4	37.7%	0.0%
Legg Mason	LM	1.16	98.32	131.41	12,920.2	1,162.7	-	14,082.9	38.5%	9.0%
Allied Capital Corp	ALD	0.82	29.38	148.57	4,365.0	1,899.1	-	6,264.1	35.0%	43.5%
Harris and Harris Group, Inc	TINY	1.57	14.32	21.02	301.0	-	-	301.0	35.0%	0.0%
American Capital Strategies LTD	ACAS	0.87	46.73	147.60	6,897.3	3,926.0	-	10,823.3	41.3%	56.9%
<i>(Stocks traded on the London Stock Exchange)</i>										
Candover Investments plc	CDI	0.52	41.95	21.86	917.1	-	-	917.1	NA	0.0%
3i Group plc	III	1.28	23.43	396.24	9,282.0	3,674.3	-	12,956.3	0.4%	39.6%
Man Group plc.	EMG	0.81	11.32	1,907.48	21,599.7	1,546.0	-	23,145.7	19.1%	7.2%
SVG Capital	SVI	0.67	18.31	138.81	2,541.5	-	-	2,541.5	NA	0.0%
Average		1.02			10,178.4	1,077.3	0.0	11,255.8	32.6%	13.6%

Unlevered Beta Calculation

$$B_u = B_d / (1 + ((1-t)(D/E)))$$

Using Beta, tax rate and the industry's debt to equity ratio, the reported betas are first unlevered below and then relevered in the calculation to the right.

Blackrock, Inc	=	0.89
Eaton Vance Corp	=	1.09
Franklin Resources, Inc	=	1.22
Nuveen Investments, Inc	=	0.89
T. Rowe Price	=	1.37
Legg Mason	=	1.10
Allied Capital Corp	=	0.64
Harris and Harris Group, Inc	=	1.57
American Capital Strategies LTD	=	0.65
Candover Investments plc	=	0.52
3i Group plc	=	0.92
Man Group plc.	=	0.77
SVG Capital	=	0.67
Average	=	0.95

Relevered Beta Calculation

B	=	$B_u(1 + ((1-t)(D/E)))$
B _u	=	0.80
D/E	=	0.0%
t	=	42.0%
B	=	0.80

Industry Debt/Total Capital Calculations

Debt/Total Inv. Capital	0.0%
Equity/Total Inv. Capital	100.0%

Tax Rate Calculation

Combined Tax Rate	42.00%
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Notes:

¹ Source: Bloomberg Network

Fortress Investment Group LLC - Insufficient trading data to calculate Beta

Partners Group - Insufficient trading data to calculate Beta

APOLLO MANAGEMENT COMPANIES
DISCOUNT RATE CALCULATION
AS OF APRIL 16, 2007
CAPM SUMMARY

The cost of equity capital using the Capital Asset Pricing Model (CAPM) is as follows:

$$Re = Rf + (\beta \times (Rm - Rf)) + Rsm$$

Where:

- Rf = Return on a risk-free asset
- β = Beta - a measure of the systematic risk of the firm compared to the risk of an investment in a fully diversified stock market portfolio
- Rm - Rf = The market risk premium defined as the expected return required for investing in a fully diversified portfolio (Rm) less the risk-free rate (Rf)
- Rsm = Small stock premium
- Rcs = Company and industry specific risk

We then calculated the WACC as follows:

Variable	Value	Source
Rd =	8.00%	Company's marginal cost of debt
t =	42.00%	Company's Marginal Tax Rate
Rf =	4.98%	20-yr treasury strip bond rate
Rm - Rf =	6.00%	Equity Risk Premium
β =	0.92	Computed Beta, see Page 3
D % =	20.0%	Comparables Debt/Capital Ratio
E % =	80.0%	Comparables Equity/Capital Ratio
Rsm	1.03%	Ibbotsons Low-Cap Company Stock Premium (Decile 4)

$$Re = Rf + (\beta \times (Rm - Rf)) + Rsm + Rcs$$

$$= 4.98\% + [6.00\% \times 0.92] + 1.03\%$$

$$Re = 11.51\%$$

APOLLO ADVISOR COMPANIES
DISCOUNT RATE CALCULATION
AS OF APRIL 16, 2007
CAPM SUMMARY

The cost of equity capital using the Capital Asset Pricing Model (CAPM) is as follows:

$$Re = Rf + (\beta \times (Rm - Rf)) + Rsm$$

Where:

- Rf = Return on a risk-free asset
- β = Beta - a measure of the systematic risk of the firm compared to the risk of an investment in a fully diversified stock market portfolio
- Rm - Rf = The market risk premium defined as the expected return required for investing in a fully diversified portfolio (Rm) less the risk-free rate (Rf)
- Rsm = Small stock premium
- Rcs = Company and industry specific risk

We then calculated the WACC as follows:

Variable	Value	Source
Rd =	8.00%	Company's marginal cost of debt
t =	42.00%	Company's Marginal Tax Rate
Rf =	4.98%	20-yr treasury strip bond rate
Rm - Rf =	6.00%	Equity Risk Premium
β =	0.80	Computed Beta, see Page 3
D % =	0.0%	Comparables Debt/Capital Ratio
E % =	100.0%	Comparables Equity/Capital Ratio
Rsm	1.03%	Ibbotsons Low-Cap Company Stock Premium (Decile 10a)

$$Re = Rf + (\beta \times (Rm - Rf)) + Rsm + Rcs$$

$$= 4.98\% + [6.00\% \times 0.80] + 1.03\%$$

$$Re = 10.81\%$$

APOLLO MANAGEMENT,
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate	Equity Rate
<u>Method</u>	
Capital Asset Pricing Model	11.51%
Build-Up Approach	<u>12.01%</u>
Selected Base Equity Rate	11.80%
Company/Industry Specific Risk	1.00%
Company Specific Cost of Equity	12.8%

WACC Calculation	
Selected Equity Rate:	12.8% (see above)
Selected Debt Rate:	8.0%
Selected Debt/Total Capital Ratio:	20.0%
Selected Tax Rate:	42.0%

$$\begin{aligned} WACC &= [8.0\% * (1 - 0.42)] * 0.20 + [12.8\% * 0.80] \\ &= [4.6\% * 0.20] + [12.8\% * 0.80] \\ &= 0.9\% + 10.2\% \\ &= 11.2\% \end{aligned}$$

Selected WACC:	11.0%
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**APOLLO MANAGEMENT IV,
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007**

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

- Where:
- R_d = Cost of interest bearing debt capital
 - t = Marginal tax rate
 - D%= Percentage of debt included in capital structure
 - R_e = Cost of equity capital
 - E%= Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate	Equity Rate
<u>Method</u>	
Capital Asset Pricing Model (see Exhibit F and G)	11.51%
Build-Up Approach (see Exhibit E)	<u>12.01%</u>
Selected Base Equity Rate	11.80%
Company/Industry Specific Risk	0.00%
Company Specific Cost of Equity	11.8%

WACC Calculation	
Selected Equity Rate:	11.8% (see above)
Selected Debt Rate:	8.0%
Selected Debt/Total Capital Ratio:	20.0%
Selected Tax Rate:	42.0%

$$\begin{aligned}
 WACC &= [8.0\% * (1 - 0.42)] * 0.20 + [11.8\% * 0.80] \\
 &= [4.6\% * 0.20] + [11.8\% * 0.80] \\
 &= 0.9\% + 9.4\% \\
 &= 10.4\%
 \end{aligned}$$

Selected WACC:	10.0%
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APOLLO MANAGEMENT V.
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

- Where:
- R_d = Cost of interest bearing debt capital
 - t = Marginal tax rate
 - D%= Percentage of debt included in capital structure
 - R_e = Cost of equity capital
 - E%= Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate	Equity Rate
<u>Method</u>	
Capital Asset Pricing Model	11.51%
Build-Up Approach	<u>12.01%</u>
Selected Base Equity Rate	11.80%
Company/Industry Specific Risk	-2.00%
Company Specific Cost of Equity	9.8%

WACC Calculation		
Selected Equity Rate:	9.8%	(see above)
Selected Debt Rate:	8.0%	
Selected Debt/Total Capital Ratio:	20.0%	
Selected Tax Rate:	42.0%	

$$\begin{aligned}
 WACC &= [8.0\% * (1 - 0.42)] * 0.20 + [9.8\% * 0.80] \\
 &= [4.6\% * 0.20] + [9.8\% * 0.80] \\
 &= 0.9\% + 7.8\% \\
 &= 8.8\%
 \end{aligned}$$

Selected WACC:	9.0%
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**APOLLO MANAGEMENT VI,
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007**

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$\text{WACC} = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate	Equity Rate
<u>Method</u>	
Capital Asset Pricing Model	11.51%
Build-Up Approach	<u>12.01%</u>
Selected Base Equity Rate	11.80%
Company/Industry Specific Risk	-2.00%
Company Specific Cost of Equity	9.8%

WACC Calculation		
Selected Equity Rate:	9.8%	(see above)
Selected Debt Rate:	8.0%	
Selected Debt/Total Capital Ratio:	20.0%	
Selected Tax Rate:	42.0%	

$$\begin{aligned} \text{WACC} &= [8.0\% * (1 - 0.42)] * 0.20 + [9.8\% * 0.80] \\ &= [4.6\% * 0.20] + [9.8\% * 0.80] \\ &= 0.9\% + 7.8\% \\ &= 8.8\% \end{aligned}$$

Selected WACC:	9.0%
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**APOLLO INVESTMENT MANAGEMENT,
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007**

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate			
Method	Equity Rate		
Capital Asset Pricing Model	11.51%		
Build-Up Approach	12.01%		
Selected Base Equity Rate	11.80%		
Company/Industry Specific Risk	Risk		
	Weighting	Adjustment	Contribution
-Management Fee Cash Flows	70%	-2.00%	-1.40%
-Carried Interest Cash Flows	30%	4.00%	1.20%
Weighted Average Company/Industry Specific Risk	-0.20%		
Company Specific Cost of Equity	11.6%		

WACC Calculation			
Selected Equity Rate:	11.6%	(see above)	
Selected Debt Rate:	8.0%		
Selected Debt/Total Capital Ratio:	20.0%		
Selected Tax Rate:	42.0%		

$$\begin{aligned} WACC &= [8.0\% * (1 - 0.42)] * 0.20 + [11.6\% * 0.80] \\ &= [4.6\% * 0.20] + [11.6\% * 0.80] \\ &= 0.9\% + 9.3\% \\ &= 10.2\% \end{aligned}$$

Selected WACC:	10.0%
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APOLLO VIF MANAGEMENT, LP
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate			
Method	Equity Rate		
Capital Asset Pricing Model	11.51%		
Build-Up Approach	12.01%		
Selected Base Equity Rate	11.80%		
Company/Industry Specific Risk	Risk		
	Weighting	Adjustment	Contribution
-Management Fee Cash Flows	100%	-1.00%	-1.00%
-Carried Interest Cash Flows	0%	5.00%	0.00%
Weighted Average Company/Industry Specific Risk	-1.00%		
Company Specific Cost of Equity	10.8%		

WACC Calculation			
Selected Equity Rate:	10.8%	(see above)	
Selected Debt Rate:	8.0%		
Selected Debt/Total Capital Ratio:	20.0%		
Selected Tax Rate:	42.0%		

$$\begin{aligned} WACC &= [8.0\% * (1 - 0.42)] * 0.20 + [10.8\% * 0.80] \\ &= [4.6\% * 0.20] + [10.8\% * 0.80] \\ &= 0.9\% + 8.6\% \\ &= 9.5\% \end{aligned}$$

Selected WACC:	10.0%
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APOLLO SVF MANAGEMENT
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate			
Method	Equity Rate		
Capital Asset Pricing Model (see Exhibit F and G)	11.51%		
Build-Up Approach (see Exhibit E)	12.01%		
Selected Base Equity Rate	11.80%		
Company/Industry Specific Risk	Risk		
	Weighting	Adjustment	Contribution
-Management Fee Cash Flows	100%	-1.00%	-1.00%
-Carried Interest Cash Flows	0%	0.00%	0.00%
Weighted Average Company/Industry Specific Risk	-1.00%		
Company Specific Cost of Equity	10.8%		

WACC Calculation			
Selected Equity Rate:	10.8%	(see above)	
Selected Debt Rate:	8.0%		
Selected Debt/Total Capital Ratio:	20.0%		
Selected Tax Rate:	42.0%		

$$\begin{aligned} WACC &= [8.0\% * (1 - 0.42)] * 0.20 + [10.8\% * 0.80] \\ &= [4.6\% * 0.20] + [10.8\% * 0.80] \\ &= 0.9\% + 8.6\% \\ &= 9.6\% \end{aligned}$$

Selected WACC:	10.0%
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*Market data is as of close of business June 6, 2007

APOLLO SVF ADVISORS,
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate			
Method	Equity Rate		
Capital Asset Pricing Model (see Exhibit F and G)	10.81%		
Build-Up Approach (see Exhibit E)	12.01%		
Selected Base Equity Rate	12.00%		
Company/Industry Specific Risk	Risk		
	Weighting	Adjustment	Contribution
-Management Fee Cash Flows	0%	0.00%	0.00%
-Carried Interest Cash Flows	100%	5.00%	5.00%
Weighted Average Company/Industry Specific Risk	5.00%		
Company Specific Cost of Equity	17.0%		

WACC Calculation			
Selected Equity Rate:	17.0%	(see above)	
Selected Debt Rate:	8.0%		
Selected Debt/Total Capital Ratio:	0.0%		
Selected Tax Rate:	42.0%		

$$\begin{aligned} WACC &= [8.0\% * (1 - 0.42)] * 0.00 + [17.0\% * 1.00] \\ &= [4.6\% * 0.00] + [17.0\% * 1.00] \\ &= 0.0\% + 17.0\% \\ &= 17.0\% \end{aligned}$$

Selected WACC:	17.0%
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APOLLO ASIA MANAGEMENT
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$\text{WACC} = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate			
Method	Equity Rate		
Capital Asset Pricing Model (see Exhibit F and G)	11.51%		
Build-Up Approach (see Exhibit E)	12.01%		
Weighted Average Base Equity Rate	11.80%		
Company/Industry Specific Risk	Weighting	Risk Adjustment	Contribution
-Management Fee Cash Flows	100%	0.00%	0.00%
-Carried Interest Cash Flows	0%	5.00%	0.00%
Weighted Average Company/Industry Specific Risk			0.00%
Company Specific Cost of Equity	11.8%		

WACC Calculation			
Selected Equity Rate:	11.8%	(see above)	
Selected Debt Rate:	8.0%		
Selected Debt/Total Capital Ratio:	20.0%		
Selected Tax Rate:	42.0%		

$$\begin{aligned} \text{WACC} &= [8.0\% * (1 - 0.42)] * 0.20 + [11.8\% * 0.80] \\ &= [4.6\% * 0.20] + [11.8\% * 0.80] \\ &= 0.9\% + 9.4\% \\ &= 10.4\% \end{aligned}$$

Selected WACC:	10.0%
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*Market data is as of close of business June 6, 2007

APOLLO ASIA ADVISORS,
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate			
Method	Equity Rate		
Capital Asset Pricing Model (see Exhibit F and G)	10.81%		
Build-Up Approach (see Exhibit E)	12.01%		
Selected Base Equity Rate	12.00%		
Company/Industry Specific Risk	Risk		
	Weighting	Adjustment	Contribution
-Management Fee Cash Flows	0%	0.00%	0.00%
-Carried Interest Cash Flows	100%	5.00%	5.00%
Weighted Average Company/Industry Specific Risk	5.00%		
Company Specific Cost of Equity	17.0%		

WACC Calculation			
Selected Equity Rate:	17.0%	(see above)	
Selected Debt Rate:	8.0%		
Selected Debt/Total Capital Ratio:	0.0%		
Selected Tax Rate:	42.0%		

$$\begin{aligned} WACC &= [8.0\% * (1 - 0.42)] * 0.00 + [17.0\% * 1.00] \\ &= [4.6\% * 0.00] + [17.0\% * 1.00] \\ &= 0.0\% + 17.0\% \\ &= 17.0\% \end{aligned}$$

Selected WACC:	17.0%
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**APOLLO EUROPE MANAGEMENT,
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007**

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate			
Method	Equity Rate		
Capital Asset Pricing Model (see Exhibit F and G)	11.51%		
Build-Up Approach (see Exhibit E)	12.01%		
Selected Base Equity Rate	11.80%		
Company/Industry Specific Risk	Risk		
	Weighting	Adjustment	Contribution
-Management Fee Cash Flows	70%	1.00%	0.70%
-Carried Interest Cash Flows	30%	7.00%	2.10%
Weighted Average Company/Industry Specific Risk	2.80%		
Company Specific Cost of Equity	14.6%		

WACC Calculation			
Selected Equity Rate:	14.6%	(see above)	
Selected Debt Rate:	8.0%		
Selected Debt/Total Capital Ratio:	20.0%		
Selected Tax Rate:	42.0%		

$$\begin{aligned} WACC &= [8.0\% * (1 - 0.42)] * 0.20 + [14.6\% * 0.80] \\ &= [4.6\% * 0.20] + [14.6\% * 0.80] \\ &= 0.9\% + 11.7\% \\ &= 12.6\% \end{aligned}$$

Selected WACC:	13.0%
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**APOLLO ALTERNATIVE ASSETS,
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007**

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate			
Method	Equity Rate		
Capital Asset Pricing Model	11.51%		
Build-Up Approach	12.01%		
Selected Base Equity Rate	11.80%		
Company/Industry Specific Risk			
	Weighting	Risk Adjustment	Contribution
-Management Fee Cash Flows	100%	3.00%	3.00%
-Carried Interest Cash Flows	0%	0.00%	0.00%
Weighted Average Company/Industry Specific Risk	3.00%		
Company Specific Cost of Equity	14.8%		

WACC Calculation			
Selected Equity Rate:	14.8%	(see above)	
Selected Debt Rate:	8.0%		
Selected Debt/Total Capital Ratio:	20.0%		
Selected Tax Rate:	42.0%		

$$\begin{aligned} WACC &= [8.0\% * (1 - 0.42)] * 0.20 + [14.8\% * 0.80] \\ &= [4.6\% * 0.20] + [14.8\% * 0.80] \\ &= 0.9\% + 11.8\% \\ &= 12.8\% \end{aligned}$$

Selected WACC:	13.0%
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**APOLLO MANAGEMENT VII,
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007**

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$\text{WACC} = R_D (1 - t) D\% + (R_E * E\%)$$

Where: R_D = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_E = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate	Equity Rate
<u>Method</u>	
Capital Asset Pricing Model	11.51%
Build-Up Approach	12.01%
Selected Base Equity Rate	11.80%
Company/Industry Specific Risk	-1.00%
Company Specific Cost of Equity	10.8%

WACC Calculation	
Selected Equity Rate:	10.8% (see above)
Selected Debt Rate:	8.0%
Selected Debt/Total Capital Ratio:	20.0%
Selected Tax Rate:	42.0%

$$\begin{aligned} \text{WACC} &= [8.0\% * (1 - 0.42)] * 0.20 + [10.8\% * 0.80] \\ &= [4.6\% * 0.20] + [10.8\% * 0.80] \\ &= 0.9\% + 8.6\% \\ &= 9.6\% \end{aligned}$$

Selected WACC:	10.0%
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APOLLO ADVISORS VII, LP
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate			
Method	Equity Rate		
Capital Asset Pricing Model (see Exhibit F and G)	10.81%		
Build-Up Approach (see Exhibit E)	12.01%		
Selected Base Equity Rate	12.00%		
Company/Industry Specific Risk	Risk		
	Weighting	Adjustment	Contribution
-Management Fee Cash Flows	0%	0.00%	0.00%
-Carried Interest Cash Flows	100%	6.00%	6.00%
Weighted Average Company/Industry Specific Risk	6.00%		
Company Specific Cost of Equity	18.00%		

WACC Calculation			
Selected Equity Rate:	18.0%	(see above)	
Selected Debt Rate:	8.0%		
Selected Debt/Total Capital Ratio:	0.0%		
Selected Tax Rate:	42.0%		

$$\begin{aligned} WACC &= [8.0\% * (1 - 0.42)] * 0.00 + [18.0\% * 1.00] \\ &= [4.6\% * 0.00] + [18.0\% * 1.00] \\ &= 0.0\% + 18.0\% \\ &= 18.0\% \end{aligned}$$

Selected WACC:	18.0%
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APOLLO EPF MANAGEMENT, LP
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$\text{WACC} = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate			
Method	Equity Rate		
Capital Asset Pricing Model (see Exhibit F and G)	11.51%		
Build-Up Approach (see Exhibit E)	12.01%		
Weighted Average Base Equity Rate	11.80%		
Company/Industry Specific Risk	Risk		
	Weighting	Adjustment	Contribution
-Management Fee Cash Flows	100%	3.00%	3.00%
-Carried Interest Cash Flows	0%	0.00%	0.00%
Weighted Average Company/Industry Specific Risk	3.00%		
Company Specific Cost of Equity	14.8%		

WACC Calculation			
Selected Equity Rate:	14.8%	(see above)	
Selected Debt Rate:	8.0%		
Selected Debt/Total Capital Ratio:	20.0%		
Selected Tax Rate:	42.0%		

$$\begin{aligned} \text{WACC} &= [8.0\% * (1 - 0.42)] * 0.20 + [14.8\% * 0.80] \\ &= [4.6\% * 0.20] + [14.8\% * 0.80] \\ &= 0.9\% + 11.8\% \\ &= 12.8\% \end{aligned}$$

Selected WACC:	13.0%
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APOLLO EPF ADVISORS, LP
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate			
Method	Equity Rate		
Capital Asset Pricing Model (see Exhibit F and G)	10.81%		
Build-Up Approach (see Exhibit E)	12.01%		
Selected Base Equity Rate	12.00%		
Company/Industry Specific Risk	Risk		
	Weighting	Adjustment	Contribution
-Management Fee Cash Flows	0%	0.00%	0.00%
-Carried Interest Cash Flows	100%	7.00%	7.00%
Weighted Average Company/Industry Specific Risk	7.00%		
Company Specific Cost of Equity	19.00%		

WACC Calculation			
Selected Equity Rate:	19.0%	(see above)	
Selected Debt Rate:	8.0%		
Selected Debt/Total Capital Ratio:	0.0%		
Selected Tax Rate:	42.0%		

$$\begin{aligned} WACC &= [8.0\% * (1 - 0.42)] * 0.00 + [19.0\% * 1.00] \\ &= [4.6\% * 0.00] + [19.0\% * 1.00] \\ &= 0.0\% + 19.0\% \\ &= 19.0\% \end{aligned}$$

Selected WACC:	19.0%
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APOLLO NEW FUND MANAGEMENT LP'S
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate			
Method	Equity Rate		
Capital Asset Pricing Model (see Exhibit F and G)	11.51%		
Build-Up Approach (see Exhibit E)	12.01%		
Weighted Average Base Equity Rate	11.80%		
Company/Industry Specific Risk	Risk		
	Weighting	Adjustment	Contribution
-Management Fee Cash Flows	100%	5.00%	5.00%
-Carried Interest Cash Flows	0%	0.00%	0.00%
Weighted Average Company/Industry Specific Risk	5.00%		
Company Specific Cost of Equity	16.8%		

WACC Calculation			
Selected Equity Rate:	16.8%	(see above)	
Selected Debt Rate:	8.0%		
Selected Debt/Total Capital Ratio:	20.0%		
Selected Tax Rate:	42.0%		

$$\begin{aligned} WACC &= [8.0\% * (1 - 0.42)] * 0.20 + [16.8\% * 0.80] \\ &= [4.6\% * 0.20] + [16.8\% * 0.80] \\ &= 0.9\% + 13.4\% \\ &= 14.4\% \end{aligned}$$

Selected WACC:	14.0%
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APOLLO NEW FUNDS ADVISORS LP'S
WACC SUMMARY CONCLUSION
AS OF APRIL 16, 2007

The Weighted Average Cost of Capital (WACC) is calculated as follows:

$$WACC = R_d (1 - t) D\% + (R_e * E\%)$$

Where: R_d = Cost of interest bearing debt capital
 t = Marginal tax rate
 $D\%$ = Percentage of debt included in capital structure
 R_e = Cost of equity capital
 $E\%$ = Percentage of equity included in capital structure

The cost of equity capital was estimated using the methods described in the following pages.

Equity Rate			
Method	Equity Rate		
Capital Asset Pricing Model (see Exhibit F and G)	10.81%		
Build-Up Approach (see Exhibit E)	12.01%		
Weighted Average Base Equity Rate	12.00%		
Company/Industry Specific Risk	Risk		
	Weighting	Adjustment	Contribution
-Management Fee Cash Flows	0%	0.00%	0.00%
-Carried Interest Cash Flows	100%	10.00%	10.00%
Weighted Average Company/Industry Specific Risk	10.00%		
Company Specific Cost of Equity	22.0%		

WACC Calculation			
Selected Equity Rate:	22.0%	(see above)	
Selected Debt Rate:	8.0%		
Selected Debt/Total Capital Ratio:	0.0%		
Selected Tax Rate:	42.0%		

$$\begin{aligned} WACC &= [8.0\% * (1 - 0.42)] * 0.00 + [22.0\% * 1.00] \\ &= [4.6\% * 0.00] + [22.0\% * 1.00] \\ &= 0.0\% + 22.0\% \\ &= 22.0\% \end{aligned}$$

Selected WACC:	22.0%
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APOLLO MANAGEMENT HOLDINGS, LP
CONCLUSION OF EQUITY INTEREST
AS OF APRIL 16, 2007

Assets

	Aggregate Marketable Value of Equity	Applicable Lack of Marketability Discount	Aggregate Fair Market Value	Partner's Pro Rata Interest	Pro Rata Fair Market Value	% Existing Asset Contribution
Apollo Management, L.P.	\$0	10%	\$0	30.35%	\$0	0.0%
Apollo Management IV, L.P.	\$3,068,801	10%	\$2,761,920	30.35%	\$838,243	0.1%
Apollo Management V, L.P.	\$12,017,131	15%	\$10,214,562	30.35%	\$3,100,119	0.3%
Apollo Management VI, L.P.	\$190,858,978	15%	\$162,230,131	30.35%	\$49,236,845	4.9%
Apollo Investment Management, L.P.	\$1,017,345,253	15%	\$864,743,465	23.90%	\$206,673,688	20.5%
Apollo Value Management, L.P.	\$64,492,412	15%	\$54,818,550	26.90%	\$14,746,190	1.5%
Apollo SVF Management, L.P.	\$278,665,082	15%	\$236,865,320	44.00%	\$104,220,741	10.4%
Apollo SVF Advisors, LP*	\$124,733,627	20%	\$99,786,902	44.00%	\$43,906,237	4.4%
Apollo Asia Management, L.P.	\$44,044,859	20%	\$35,235,887	44.00%	\$15,503,790	1.5%
Apollo Asia Advisors, L.P.*	\$31,566,933	20%	\$25,253,546	44.00%	\$11,111,560	1.1%
Apollo Europe Management, L.P.	\$465,218,791	20%	\$372,175,033	44.00%	\$163,757,015	16.3%
Apollo Alternative Assets, L.P.	\$342,440,764	20%	\$273,952,611	44.00%	\$120,539,149	12.0%
<i>Subtotal</i>	<i>\$2,574,452,630</i>		<i>\$2,138,037,927</i>		<i>\$733,633,577</i>	<i>72.9%</i>
<i>Planned Funds/Goodwill:</i>						
Apollo Management VII, L.P.	\$382,786,941	20%	\$306,229,553	30.35%	\$92,940,669	9.2%
Apollo Advisors VII, L.P.	\$439,504,477	25%	\$329,628,358	24.64%	\$81,220,427	8.1%
Apollo EPF Management, L.P.	\$30,811,394	20%	\$24,649,115	44.00%	\$10,845,611	1.1%
Apollo EPF Advisors, L.P.	\$27,802,732	20%	\$22,242,185	44.00%	\$9,786,562	1.0%
New Fund Management, LPs	\$124,677,855	20%	\$99,742,284	44.00%	\$43,886,605	4.4%
New Fund Advisors, L.P's	\$95,568,772	20%	\$76,455,018	44.00%	\$33,640,208	3.3%
<i>Subtotal</i>	<i>\$1,101,152,171</i>		<i>\$858,946,513</i>		<i>\$272,320,082</i>	<i>27.1%</i>
Total Assets	\$3,675,604,801		\$2,996,984,440		\$1,005,953,658	100.0%
Liabilities & Equity						
Total Liabilities	\$0		\$0		\$0	
Total Equity	\$3,675,604,801		\$2,996,984,440		\$1,005,953,658	
Total Liabilities and Equity	\$3,675,604,801		\$2,996,984,440		\$1,005,953,658	
Aggregate Fair Market Value			\$2,996,984,440			
Pro Rata, Fair Market Value of Partner's Interest					\$1,005,953,658	
Pro Rata, Fair Market Value of Partner's Interest					\$1,005,953,658	
Concluded Equity Interest of Partner in AMHLP					33.57%	
Less: Investment Company Discount				5.0%	(\$50,297,683)	
Minority Marketable Value					\$955,655,975	
Less: Lack of Marketability Discount				10.0%	(\$95,565,598)	
Fair Market Value of 33.05% Interest in AMHLP					\$860,090,378	
Fair Market Value of 33.57% Interest in AMHLP, Rounded					\$860,100,000	

*It was anticipated that the carry fee income currently paid to the respective Apollo Management company would begin to be paid to the Apollo Advisor entity.

Apollo Funds
 Guideline Company Valuation - Reasonableness Test
 As of April 16, 2007

COMPANY	MVIC (\$000s)	AUM /NAV (\$000s)	TTM REVENUE (\$000s)	TTM REVENUE AS A % OF AUM/NAV	TTM OPER. EXP. A % OF REV	TTM ADJ. EBITDA A % OF REV	TTM PRE-TAX A % OF REV	Implied Valuation Multiples		
								MVIC/ AUM /NAV	MVIC/TTM Revenues	MVIC/TTM Adj EBITDA
Blackrock, Inc.	\$18,936,145	\$1,124,627,000	\$2,097,976	0.2%	77.5%	39.8%	25.2%	1.7%	9.0	22.7
Eaton Vance Corp.	\$4,748,917	\$128,900,000	\$862,194	0.7%	69.3%	39.9%	30.5%	3.7%	5.5	13.8
Franklin Resources, Inc.	\$33,453,948	\$552,900,000	\$4,556,461	0.8%	69.5%	40.8%	34.8%	6.1%	7.3	18.0
Nuveen Investments, Inc.	\$4,609,307	\$161,609,000	\$709,828	0.4%	54.8%	56.2%	47.4%	2.9%	6.5	11.6
T. Rowe Price Group, Inc.	\$13,307,771	\$334,700,000	\$1,815,000	0.5%	56.0%	49.5%	47.3%	4.0%	7.3	14.8
Legg Mason Inc.	\$14,297,621	\$944,800,000	\$4,254,027	0.5%	76.4%	28.5%	24.1%	1.5%	3.4	11.8
Allied Capital Corp.	\$6,266,735	\$4,406,100	\$452,558	10.1%	54.8%	80.2%	57.5%	139.4%	13.8	17.3
Alternative Investment Strategies Ltd.	\$452,585	\$428,862	\$35,848	8.4%	20.6%	79.4%	79.4%	105.5%	12.6	15.9
American Capital Strategies LTD	\$11,083,302	\$9,799,000	\$860,800	8.8%	49.3%	127.4%	105.3%	113.1%	12.9	10.1
Mean	\$11,906,259	\$362,473,329	\$1,738,210	3.4%	58.8%	60.2%	50.2%	42.0%	8.7	15.1
Median	\$11,083,302	\$161,609,000	\$862,194	0.7%	56.6%	49.5%	47.3%	4.0%	7.3	14.8
Candover Investments plc	\$982,084	\$6,964,300	\$224,328	3.2%	40.4%	46.7%	46.2%	14.1%	4.4	9.4
3i Group plc	\$16,767,058	\$8,305,425	\$2,172,692	26.2%	19.3%	90.1%	82.1%	201.9%	7.7	8.6
Man Group plc	\$22,845,972	\$49,900,000	\$3,494,000	7.0%	66.9%	45.6%	35.4%	45.8%	6.5	14.3
Partners Group	\$2,774,526	\$14,244,820	\$177,185	1.2%	27.2%	72.8%	19.5%	75.8%	15.7	20.1
SVG Capital	\$2,660,811	\$6,566,340	\$479,341	7.3%	8.0%	92.0%	89.3%	40.5%	5.6	5.6
Fortress Investment Group LLC*	\$12,562,011	\$29,900,000	\$1,207,317	4.0%	92.1%	60.7%	58.7%	42.0%	10.4	n/a
Mean	\$9,765,411	\$19,313,481	\$1,292,477	8.2%	42.3%	68.0%	64.6%	60.6%	8.4	11.6
Median	\$7,668,269	\$11,275,123	\$843,329	5.5%	33.8%	66.8%	67.3%	41.3%	7.1	9.4
Total Sample										
High	\$33,453,948	\$1,124,627,000	\$4,556,461	26.2%	92.1%	127.4%	105.3%	201.9%	15.7	22.7
Low	\$452,585	\$428,862	\$35,848	0.2%	8.0%	28.5%	24.1%	1.5%	3.4	5.6
Mean	\$10,835,835	\$190,893,405	\$1,515,344	5.8%	50.5%	64.1%	57.4%	51.3%	8.5	13.3
Median	\$11,083,302	\$29,900,000	\$862,194	3.2%	54.8%	56.2%	47.4%	19.5%	7.3	14.1

* Fortress - Revenues = Annualized 9 month 2006 Revs + Other Income; Price = \$18.50 per share IPO price

Apollo Funds	2007							MVIC/2007 Revenues	MVIC/2007 Adj OPER. INC.
Apollo Management, L.P.	\$0	\$341,800	\$0	0.0%	0.0%	N/A	N/A	0.0%	N/A
Apollo Management IV, L.P.	\$3,069	\$1,043,700	\$6,140	0.6%	51.7%	48.3%	48.3%	0.3%	0.5
Apollo Management V, L.P.	\$12,017	\$1,808,400	\$13,340	0.7%	51.7%	48.3%	48.3%	0.7%	0.9
Apollo Management VI, L.P.	\$190,859	\$1,601,000	\$223,500	14.0%	27.8%	72.2%	72.2%	11.9%	0.9
Apollo Management VII, L.P.	\$382,787	\$2,600,000	\$0	0.0%	25.6%	74.4%	74.4%	14.7%	N/A
Apollo Investment Management, L.P.	\$1,017,345	\$2,600,000	\$98,200	3.8%	45.0%	55.0%	55.0%	39.1%	10.4
Apollo Value Management, L.P.	\$64,492	\$600,000	\$20,064	3.3%	45.0%	55.0%	55.0%	10.7%	3.2
Apollo SVF Management, L.P.	\$278,665	\$1,800,000	\$17,617	1.0%	45.0%	55.0%	55.0%	15.5%	15.8
Apollo Asia Management, LP	\$44,045	\$300,000	\$11,497	3.8%	45.0%	55.0%	55.0%	14.7%	3.8
Apollo Europe Management, L.P.	\$465,219	\$500,000	\$22,100	4.4%	45.0%	55.0%	55.0%	93.0%	21.1
Apollo Alternative Assets, L.P.	\$342,441	\$231,000	\$30,200	13.1%	45.0%	55.0%	55.0%	148.2%	11.3
Apollo EPF Management, LP	\$30,811	\$300,000	\$6,975	2.3%	45.0%	55.0%	55.0%	10.3%	4.4
New Fund Management, LPs	\$124,678	\$0	\$15,450	N/A	0.0%	100.0%	100.0%	N/A	8.1

(a) Candover AUM estimated.

(b) Blackrock includes recent merger with certain Merrill Lynch business.

(c) Legg Mason includes certain recent acquisitions.

(e) Fortress information from pre-December 31, 2006 Prospectuses. Actual IPO occurred in February 2007.

APOLLO MANAGEMENT HOLDINGS,

**PRICE/NAV & DIVIDEND YIELDS FOR PUBLICLY-TRADED
CLOSED-END INVESTMENT COMPANIES INVESTING
IN LOW YIELD CAPITAL APPRECIATION SECURITIES
AS OF APRIL 16, 2007**

#	COMPANY	TICKER	PRICE 4/13/2007*	NAV PER SHARE*	(DISCOUNT FROM)/ PREMIUM OVER NAV	INDICATED DIVIDENDS**	DIVIDEND YIELD
1	Adams Express Company	<u>ADX</u>	14.34	16.44	-12.8%	0.16	1.1%
2	Central Securities	<u>CET</u>	27.17	31.15	-12.8%	0.40	1.5%
3	First Trust Value Line 100	<u>FVL</u>	16.94	17.13	-1.1%	0.00	0.0%
4	Gabelli Equity Trust	<u>GAB</u>	9.97	9.77	2.0%	0.21	2.1%
5	General American Investors	<u>GAM</u>	38.04	42.57	-10.6%	0.36	1.0%
3	Tri-Continental Corporation	<u>TY</u>	24.45	26.43	-7.5%	0.28	1.1%
				MEDIAN	-9.1%		1.1%
				MEAN	-7.1%		1.1%

* Barron's 4/16/07

** www.etfconnect.com

APOLLO MANAGEMENT HOLDINGS, .

**PRICE/NAV & DIVIDEND YIELDS FOR PUBLICLY-TRADED
CLOSED-END INVESTMENT COMPANIES INVESTING
IN VENTURE CAPITAL SECURITIES
AS OF APRIL 16, 2007**

# COMPANY	TICKER	PRICE 4/13/2007*	NAV PER SHARE*	(DISCOUNT FROM)/		DIVIDEND YIELD
				PREMIUM OVER NAV	INDICATED DIVIDENDS**	
1 Engex	<u>EGX</u>	9.09	9.15	-0.7%	0.00	0.0%
2 Equus II	<u>EQS</u>	9.18	11.28	-18.6%	0.00	0.0%
			MEDIAN	-9.6%		0.0%
			MEAN	-9.6%		0.0%

* Barron's 4/16/07

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APOLLO MANAGEMENT HOLDINGS,

**PRICE/NAV & DIVIDEND YIELDS FOR PUBLICLY-TRADED
CLOSED-END INVESTMENT COMPANIES INVESTING
IN WORLD EQUITY SECURITIES
AS OF APRIL 16, 2007**

#	COMPANY	TICKER	PRICE 4/13/2007*	NAV PER SHARE*	(DISCOUNT FROM/ PREMIUM OVER NAV	INDICATED DIVIDENDS**	DIVIDEND YIELD
1	Aberdeen Australia Equity Fund	IAF	16.31	15.37	6.1%	1.28	7.8%
2	Asia Pacific Fund	APB	22.86	25.27	-9.5%	0.12	0.5%
3	Asia Tigers Fund	GRR	21.26	23.21	-8.4%	0.00	0.0%
4	Blackrock Global Opportunities Equity Trust	BOE	28.63	28.52	0.4%	2.28	7.9%
5	BickRk S&P Quality Rankings Global Equity Managed Trust	BQY	18.26	20.09	-9.1%	0.90	4.9%
6	Blackrock World Investment Trust	BWC	17.23	17.14	0.5%	1.37	7.9%
7	Calamos Global Total Return Fund	CGO	17.42	17.86	-2.5%	1.17	6.7%
8	Canadian General Investments	T.CGI	27.92	34.10	-18.1%	0.24	0.9%
9	Canadian World Fund Limited	T.CWF	6.76	8.23	-17.9%	0.00	0.0%
10	Central Europe & Russia Fund	CEE	53.96	59.67	-9.6%	0.58	1.1%
11	Chile Fund	CH	18.70	19.74	-5.3%	0.05	0.3%
12	China Fund	CHN	34.70	39.13	-11.3%	0.30	0.9%
13	Clough Global Allocation Fund	GLV	20.80	22.80	-8.8%	1.44	6.9%
14	Clough Global Equity Fund	GLO	20.32	22.40	-9.3%	1.36	6.7%
15	Clough Global Opportunity	GLO	17.44	19.42	-10.2%	1.20	6.9%
16	Eaton Vance Tax Advantage Global Dividend Income	ETG	27.05	29.36	-7.9%	1.50	5.5%
17	Eaton Vance Tax Advantage Global Dividend Opportunities	ETO	32.74	33.63	-2.6%	1.80	5.5%
18	Eaton Vance Tax Managed Global Buy Write Opportunities	ETW	20.01	19.74	1.4%	1.80	9.0%
19	Emerging Markets Telecommunications Fund	ETF	19.99	21.14	-5.4%	0.00	0.0%
20	European Equity Fund (formerly Germany Fund)	EEA	12.77	14.01	-8.9%	0.38	3.0%
21	First Israel	ISL	18.70	20.19	-7.4%	0.17	0.9%
22	Greater China Fund	GCH	25.50	27.77	-8.2%	0.45	1.8%
23	ING Global Advantage and Premium Opportunity Fund	IGA	22.11	21.41	3.3%	1.86	8.4%
24	ING Global Equity Dividend Premium	IGD	21.04	20.41	3.1%	1.87	8.9%
25	India Fund	IFN	40.90	43.10	-5.1%	3.46	8.5%
26	Indonesia Fund	IF	10.79	9.76	10.6%	0.05	0.5%
27	Japan Equity	JEQ	8.72	8.84	-1.4%	0.15	1.7%
28	Japan Smaller Cap Fund	JOE	12.21	11.26	8.4%	0.41	3.4%
29	Jardine Fleming China Region Fund	JFC	20.57	23.17	-11.2%	0.15	0.7%
30	Korea Equity	KEE	11.03	12.07	-8.6%	0.00	0.0%
31	Korea Fund	KE	34.97	37.59	-7.0%	0.45	1.3%
32	Latin American Equity	LAQ	47.04	51.79	-9.2%	0.53	1.1%
33	Latin American Discovery	LDF	28.38	30.63	-7.3%	0.77	2.7%
34	Lazard Global Total Return & Income Fund	LGI	22.37	24.04	-6.9%	1.25	5.6%
35	Lazard World Dividend & Income	LOR	23.43	23.87	-1.8%	1.40	6.0%
36	Malaysia Fund	ME	9.37	10.07	-7.0%	0.08	0.9%
37	Mexico Equity & Income Fund	MXE	33.61	32.75	2.6%	0.13	0.4%
38	Mexico Fund	MXF	40.86	49.25	-17.0%	0.34	0.8%
39	Morgan Stanley Asia-Pacific Fund	APF	19.94	22.35	-10.8%	0.46	2.3%
40	Morgan Stanley Eastern Europe Fund	RNE	38.13	41.40	-7.9%	0.00	0.0%
41	Morgan Stanley Emerging Markets Fund	MSE	27.41	30.24	-9.4%	0.24	0.9%
42	Morgan Stanley India	IIF	45.60	47.50	-4.0%	0.00	0.0%
43	New Germany	GE	17.47	18.92	-7.7%	0.21	1.2%
44	New Ireland	IRL	36.92	36.19	2.0%	0.24	0.7%
45	Nicholas-Applegate Intl Premium & Strategy Fund	NAI	30.20	29.22	3.4%	2.15	7.1%
46	Singapore Fund	SGE	17.90	18.73	-4.4%	0.66	3.7%
47	Swiss Helvetia	SWZ	20.43	22.30	-8.4%	0.03	0.1%
48	Taiwan Fund	TWN	18.79	20.01	-6.1%	0.05	0.3%
49	Taiwan Greater China Fund	TGC	6.49	7.00	-7.3%	0.00	0.0%
50	Templeton Dragon Fund	TDF	24.54	26.62	-7.8%	0.37	1.5%
51	Templeton Emerging Markets Fund	EMF	17.94	19.56	-8.3%	0.64	3.5%
52	Templeton Russia & East European Fund	TRF	74.66	70.99	5.2%	0.94	1.3%
53	Thai Capital	TF	11.63	10.69	8.8%	0.28	2.4%
54	Thai Fund	TFE	10.17	9.58	6.2%	0.26	2.5%
55	Third Canadian General Investment Trust	T.THD	50.48	58.75	-14.1%	0.30	0.6%
56	Turkish Investment Fund	TKF	18.32	17.50	4.7%	0.23	1.3%
				MEDIAN			
				MEAN	-7.1%		1.4%
					-4.9%		3.0%

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