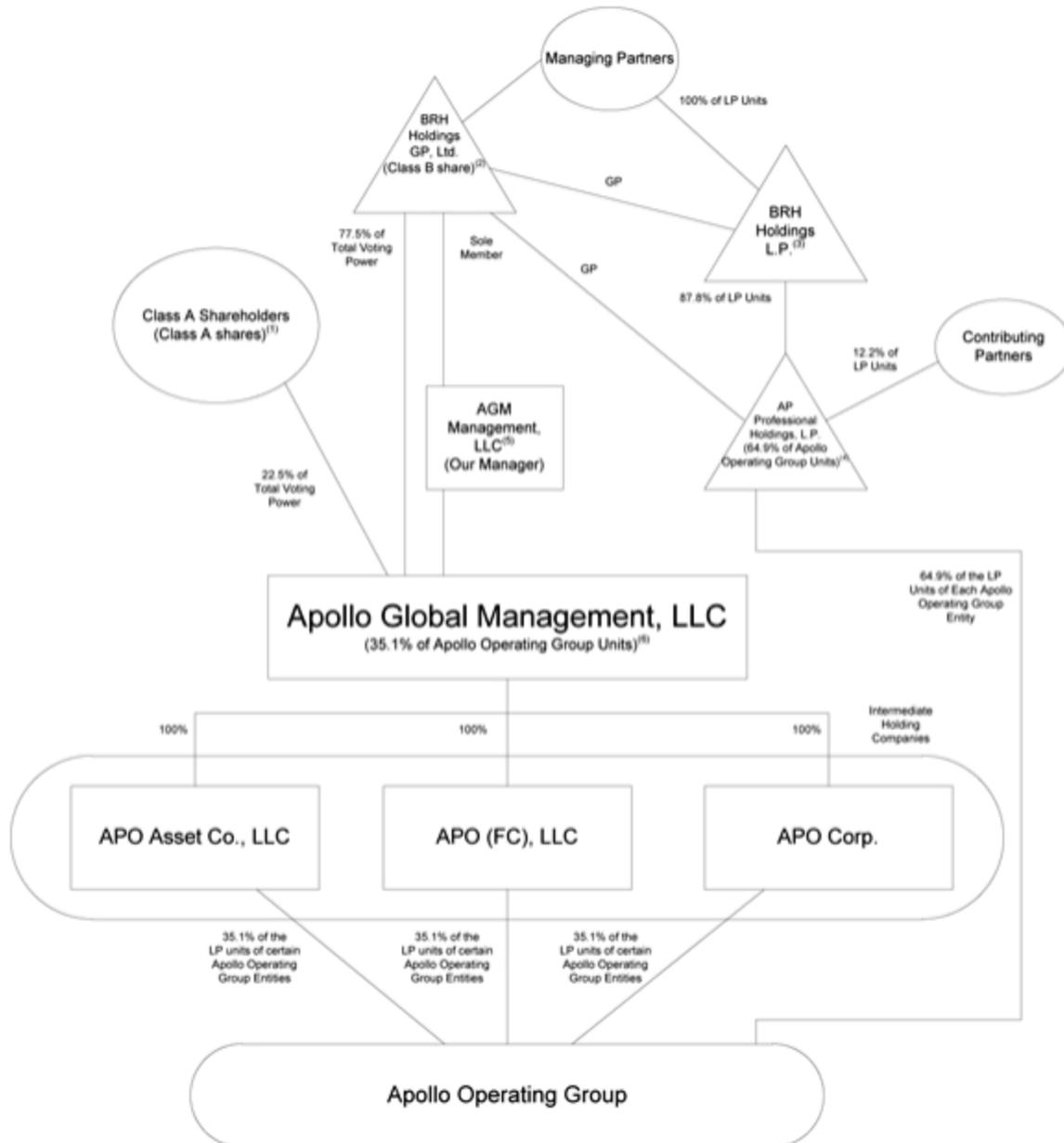


As of June 30, 2012, we had total AUM of \$104.9 billion across all of our businesses. Our latest private equity buyout fund, Fund VII, held a final closing in December 2008, raising a total of \$14.7 billion, and as of June 30, 2012 Fund VII had \$4.5 billion of uncalled commitments, or “dry powder”, remaining. We have consistently produced attractive long-term investment returns in our private equity funds, generating a 39% gross IRR and a 25% net IRR on a compound annual basis from inception through June 30, 2012. A number of our capital markets funds have also performed well since their inception through June 30, 2012.

As of June 30, 2012, approximately 92% of our total AUM was in funds with a contractual life at inception of seven years or more, and 7% of our total AUM was in permanent capital vehicles with unlimited duration.

**Holding Company Structure**

The diagram below depicts our current organizational structure:



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

- (1) The Strategic Investors hold 46.2% of the Class A shares outstanding. The Class A shares held by investors other than the Strategic Investors represent 22.5% of the total voting power of our shares entitled to vote and 18.9% of the economic interests in the Apollo Operating Group. Class A shares held by the Strategic Investors do not have voting rights. However, such Class A shares will become entitled to vote upon transfers by a Strategic Investor in accordance with the agreements entered into in connection with the investments made by the Strategic Investors.
- (2) Our managing partners own BRH Holdings GP, Ltd., or "BRH," which in turns holds our only outstanding Class B share. The Class B share represents 77.5% of the total voting power of our shares entitled to vote but no economic interest in Apollo Global Management, LLC. Our managing partners' economic interests are instead represented by their indirect beneficial ownership, through Holdings, of 57% of the limited partner interests in the Apollo Operating Group.
- (3) Through BRH Holdings, L.P., our managing partners beneficially own limited partner interests in Holdings.
- (4) Holdings owns 64.9% of the limited partner interests in each Apollo Operating Group entity. The Apollo Operating Group units held by Holdings are exchangeable for Class A shares. Our managing partners, through their interests in BRH and Holdings, beneficially own 57% of the Apollo Operating Group units. Our contributing partners, through their ownership interests in Holdings, beneficially own 7.9% of the Apollo Operating Group units.
- (5) BRH is the sole member of AGM Management, LLC, our manager. The management of Apollo Global Management, LLC is vested in our manager as provided in our operating agreement.
- (6) Represents 35.1% of the limited partner interests in each Apollo Operating Group entity, held through intermediate holding companies. Apollo Global Management, LLC, also indirectly owns 100% of the general partner interests in each Apollo Operating Group entity.

Apollo Global Management, LLC, through three intermediate holding companies (APO Corp., APO Asset Co., LLC and APO (FC), LLC), owns 35.1% of the economic interests of, and operates and controls all of the business and affairs of, the Apollo Operating Group and its subsidiaries. Holdings owns the remaining 64.9% of the economic interests in the Apollo Operating Group. Apollo Global Management, LLC consolidates the financial results of the Apollo Operating Group and its consolidated subsidiaries. Holdings' ownership interest in the Apollo Operating Group is reflected as Non-Controlling Interests in Apollo Global Management, LLC's condensed consolidated financial statements.

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

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

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

### ***Business Environment***

During the second quarter of 2012, global equity markets were down and saw an increase in volatility. The market's volatile performance was largely attributable to economic reports indicating slower global growth and the ongoing European debt overhang. The focus on day-to-day headlines addressing possible policy responses by central banks and governments also contributed to this volatility. Credit markets were also more volatile during the second quarter of 2012, but finished on a stronger note in June. Against this backdrop, Apollo continued to see investment opportunities and deploy capital. Although realization activity slowed somewhat from the previous two quarters and the market's appetite for additional IPOs has been subdued so far in 2012, dialogues with strategic buyers have continued and certain of the funds that Apollo manages were able to monetize certain of their credit and equity holdings. Apollo's fundraising activities also continued at a strong pace, as evidenced by the \$2.3 billion of new capital that was raised during the second quarter as institutional investors continued to turn to alternative investment managers for more attractive risk-adjusted returns in a low rate environment.