

DCP Midstream Partners, LP
 Form 3
 July 11, 2007

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *		2. Date of Event Requiring Statement	3. Issuer Name and Ticker or Trading Symbol	
Â SPRINGER STEPHEN R		(Month/Day/Year)	DCP Midstream Partners, LP [DPM]	
(Last)	(First)	(Middle)	07/11/2007	
370 17TH STREET, SUITE 2775			4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
(Street)			(Check all applicable)	
DENVER,Â COÂ 80202			<input checked="" type="checkbox"/> Director	<input type="checkbox"/> 10% Owner
(City)	(State)	(Zip)	<input type="checkbox"/> Officer	<input type="checkbox"/> Other
			(give title below)	(specify below)
				6. Individual or Joint/Group Filing(Check Applicable Line)
				<input checked="" type="checkbox"/> Form filed by One Reporting Person
				<input type="checkbox"/> Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
------------------------------------	----------------------------------------------------------	-------------------------------------------------------------------	----------------------------------------------------------

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date			
		Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SPRINGER STEPHEN R 370 17TH STREET, SUITE 2775 DENVER, CO 80202	X	X	X	X

Signatures

/s/ Michael S. Richards,
Attorney-in-Fact

07/11/2007

__Signature of Reporting Person

Date

Explanation of Responses:

No securities are beneficially owned

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ed subsidiary of Apollo Asset Management Europe LLP (collectively, "AAME"). The AAME entities are subsidiaries of Apollo;

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

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

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

"gross IRR" of a credit fund represents the annualized return of a fund based on the actual timing of all cumulative fund cash flows before management fees, performance fees allocated to the general partner and certain other expenses. Calculations may include certain investors that do not pay fees. The terminal value is the net asset value as of the reporting date. Non-U.S. dollar denominated ("USD") fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor;

"gross IRR" of a private equity fund represents the cumulative investment-related cash flows (i) for a given investment for the fund or funds which made such investment, and (ii) for a given fund, in the relevant fund itself (and not any one investor in the fund), in each case, on the basis of the actual timing of investment inflows and outflows (for unrealized investments assuming disposition on September 30, 2018 or other date specified) aggregated on a gross basis quarterly, and the return is annualized and compounded before management fees, performance fees and certain other expenses (including interest incurred by the fund itself) and measures the returns on the fund's investments as a whole without regard to whether all of the returns would, if distributed, be payable to the fund's investors. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor;

"gross IRR" of a real assets fund represents the cumulative investment-related cash flows in the fund itself (and not any one investor in the fund), on the basis of the actual timing of cash inflows and outflows (for unrealized investments

assuming disposition on September 30, 2018 or other date specified) starting on the date that each investment closes, and the return is annualized and compounded before management fees, performance fees, and certain other expenses (including interest incurred by the fund itself) and measures the returns on the fund's investments as a whole without regard to whether all of the returns would, if distributed, be payable to the fund's investors. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor; "gross return" of a credit or real assets fund is the monthly or quarterly time-weighted return that is equal to the percentage change in the value of a fund's portfolio, adjusted for all contributions and withdrawals (cash flows) before the effects of management fees, incentive fees allocated to the general partner, or other fees and expenses. Returns of Athene sub-advised portfolios and CLOs represent the gross returns on invested assets, which exclude cash. Returns over multiple periods are calculated by geometrically linking each period's return over time;

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

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

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

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

“net IRR” of a credit fund represents the annualized return of a fund after management fees, performance fees allocated to the general partner and certain other expenses, calculated on investors that pay such fees. The terminal value is the net asset value as of the reporting date. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor;

“net IRR” of a private equity fund means the gross IRR applicable to a fund, including returns for related parties which may not pay fees or performance fees, net of management fees, certain expenses (including interest incurred or earned by the fund itself) and realized performance fees all offset to the extent of interest income, and measures returns at the fund level on amounts that, if distributed, would be paid to investors of the fund. The timing of cash flows applicable to investments, management fees and certain expenses, may be adjusted for the usage of a fund’s subscription facility. To the extent that a fund exceeds all requirements detailed within the applicable fund agreement, the estimated unrealized value is adjusted such that a percentage of up to 20.0% of the unrealized gain is allocated to the general partner of such fund, thereby reducing the balance attributable to fund investors. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor;

“net IRR” of a real assets fund represents the cumulative cash flows in the fund (and not any one investor in the fund), on the basis of the actual timing of cash inflows received from and outflows paid to investors of the fund (assuming the ending net asset value as of September 30, 2018 or other date specified is paid to investors), excluding certain non-fee and non-performance fee bearing parties, and the return is annualized and compounded after management fees, performance fees, and certain other expenses (including interest incurred by the fund itself) and measures the returns to investors of the fund as a whole. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor;

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

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

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

“permanent capital vehicles” refers to (a) assets that are owned by or related to Athene or Athora Holding Ltd. (“Athora Holding” and together with its subsidiaries, “Athora”), (b) assets that are owned by or related to MidCap FinCo Designated Activity Company (“MidCap”) and managed by Apollo, (c) assets of publicly traded vehicles managed by Apollo such as Apollo Investment Corporation (“AINV”), Apollo Commercial Real Estate Finance, Inc. (“ARI”), Apollo

Tactical Income Fund Inc. (“AIF”), and Apollo Senior Floating Rate Fund Inc. (“AFT”), in each case that do not have redemption provisions or a requirement to return capital to investors upon exiting the investments made with such capital, except as required by applicable law and (d) a non-traded business development company from which Apollo earns certain investment-related service fees. The investment management agreements of AINV, AIF and AFT have one year terms, are reviewed annually and remain in effect only if approved by the boards of directors of such companies or by the affirmative vote of the holders of a majority of the outstanding voting shares of such companies, including in either case, approval by a majority of the directors who are not “interested persons” as defined in the Investment Company Act of 1940. In addition, the investment management agreements of AINV, AIF and AFT may be terminated

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in certain circumstances upon 60 days' written notice. The investment management agreement of ARI has a one year term and is reviewed annually by ARI's board of directors and may be terminated under certain circumstances by an affirmative vote of at least two-thirds of ARI's independent directors. The investment management or advisory arrangements between MidCap and Apollo, as well as between Athene and Apollo, may also be terminated under certain circumstances. The agreement pursuant to which Apollo earns certain investment-related service fees from a non-traded business development company may be terminated under certain limited circumstances;

"private equity fund appreciation (depreciation)" refers to gain (loss) and income for the traditional private equity funds (as defined below), Apollo Natural Resources Partners, L.P. ("ANRP I"), Apollo Natural Resources Partners II, L.P. ("ANRP II"), Apollo Special Situations Fund, L.P. and AION Capital Partners Limited ("AION") for the periods presented on a total return basis before giving effect to fees and expenses. The performance percentage is determined by dividing (a) the change in the fair value of investments over the period presented, minus the change in invested capital over the period presented, plus the realized value for the period presented, by (b) the beginning unrealized value for the period presented plus the change in invested capital for the period presented. Returns over multiple periods are calculated by geometrically linking each period's return over time;

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

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

"Remaining Cost" represents the initial investment of the fund in a portfolio investment, reduced for any return of capital distributed to date on such portfolio investment;

"Strategic Investor" refers to the California Public Employees' Retirement System, or "CalPERS";

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

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

"traditional private equity funds" refers to Apollo Investment Fund I, L.P. ("Fund I"), AIF II, L.P. ("Fund II"), a mirrored investment account established to mirror Fund I and Fund II for investments in debt securities ("MIA"), Apollo Investment Fund III, L.P. (together with its parallel funds, "Fund III"), Apollo Investment Fund IV, L.P. (together with its parallel fund, "Fund IV"), Apollo Investment Fund V, L.P. (together with its parallel funds and alternative investment vehicles, "Fund V"), Apollo Investment Fund VI, L.P. (together with its parallel funds and alternative investment vehicles, "Fund VI"), Apollo Investment Fund VII, L.P. (together with its parallel funds and alternative investment vehicles, "Fund VII"), Apollo Investment Fund VIII, L.P. (together with its parallel funds and alternative investment vehicles, "Fund VIII") and Apollo Investment Fund IX, L.P. (together with its parallel funds and alternative investment vehicles, "Fund IX");

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

"Vintage Year" refers to the year in which a fund's final capital raise occurred, or, for certain funds, the year in which a fund's investment period commences pursuant to its governing agreements.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

APOLLO GLOBAL MANAGEMENT, LLC

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

AS OF SEPTEMBER 30, 2018 AND DECEMBER 31, 2017

(dollars in thousands, except share data)

	As of September 30, 2018	As of December 31, 2017
Assets:		
Cash and cash equivalents	\$854,574	\$751,273
Restricted cash	3,460	3,875
U.S. Treasury securities, at fair value	390,448	364,649
Investments (includes performance allocations of \$1,435,233 and \$1,828,930 as of September 30, 2018 and December 31, 2017, respectively)	3,415,165	3,559,834
Assets of consolidated variable interest entities:		
Cash and cash equivalents	53,295	92,912
Investments, at fair value	1,202,185	1,196,190
Other assets	45,749	39,484
Incentive fees receivable	7,710	43,176
Due from related parties	335,778	262,588
Deferred tax assets, net	348,588	337,638
Other assets	207,477	231,757
Goodwill	88,852	88,852
Intangible assets, net	18,877	18,842
Total Assets	\$6,972,158	\$6,991,070
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts payable and accrued expenses	\$82,008	\$68,873
Accrued compensation and benefits	159,516	62,474
Deferred revenue	182,045	128,146
Due to related parties	412,862	428,013
Profit sharing payable	684,594	752,276
Debt	1,361,024	1,362,402
Liabilities of consolidated variable interest entities:		
Debt, at fair value	880,570	1,002,063
Other liabilities	73,689	115,658
Other liabilities	142,021	173,369
Total Liabilities	3,978,329	4,093,274
Commitments and Contingencies (see note 14)		
Shareholders' Equity:		
Apollo Global Management, LLC shareholders' equity:		
Series A Preferred shares, 11,000,000 shares issued and outstanding as of September 30, 2018 and December 31, 2017	264,398	264,398
Series B Preferred shares, 12,000,000 and 0 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively	289,815	—
Class A shares, no par value, unlimited shares authorized, 201,089,465 and 195,267,669 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively	—	—

Explanation of Responses:

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Class B shares, no par value, unlimited shares authorized, 1 share issued and outstanding as of September 30, 2018 and December 31, 2017	—	—
Additional paid in capital	1,350,331	1,579,797
Accumulated deficit	(273,535)	(379,460)
Accumulated other comprehensive loss	(3,600)	(1,809)
Total Apollo Global Management, LLC shareholders' equity	1,627,409	1,462,926
Non-Controlling Interests in consolidated entities	271,379	140,086
Non-Controlling Interests in Apollo Operating Group	1,095,041	1,294,784
Total Shareholders' Equity	2,993,829	2,897,796
Total Liabilities and Shareholders' Equity	\$6,972,158	\$6,991,070
See accompanying notes to condensed consolidated financial statements.		

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APOLLO GLOBAL MANAGEMENT, LLC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(dollars in thousands, except share data)

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2018	
	2017	2018	2017	2018
Revenues:				
Management fees	\$ 301,443	\$ 358,750	\$ 852,291	\$ 987,102
Advisory and transaction fees, net	16,209	13,154	54,905	42,145
Investment income:				
Performance allocations	336,910	124,856	809,896	129,776
Principal investment income	47,488	16,153	102,877	25,334
Total investment income	384,398	141,009	912,773	155,110
Incentive fees	9,670	4,818	23,563	23,593
Total Revenues	711,720	517,731	1,843,532	1,207,950
Expenses:				
Compensation and benefits:				
Salary, bonus and benefits	108,853	112,722	316,011	343,623
Equity-based compensation	24,485	50,334	70,332	123,643
Profit sharing expense	137,296	63,059	339,679	121,327
Total compensation and benefits	270,634	226,115	726,022	588,593
Interest expense	13,303	15,209	39,497	44,168
General, administrative and other	68,149	70,657	189,918	194,851
Placement fees	5,397	746	12,560	1,384
Total Expenses	357,483	312,727	967,997	828,996
Other Income:				
Net gains from investment activities	68,932	155,283	102,936	20,645
Net gains from investment activities of consolidated variable interest entities	845	13,001	11,085	28,746
Interest income	1,504	5,411	2,929	13,517
Other income, net	25,387	3,085	44,776	1,888
Total Other Income	96,668	176,780	161,726	64,796
Income before income tax provision	450,905	381,784	1,037,261	443,750
Income tax provision	(16,542)	(19,092)	(54,926)	(46,596)
Net Income	434,363	362,692	982,335	397,154
Net income attributable to Non-Controlling Interests	(231,411)	(191,171)	(542,507)	(220,285)
Net Income Attributable to Apollo Global Management, LLC	202,952	171,521	439,828	176,869
Net income attributable to Series A Preferred Shareholders	(4,383)	(4,383)	(9,155)	(13,149)
Net income attributable to Series B Preferred Shareholders	—	(4,781)	—	(9,350)
Net Income Attributable to Apollo Global Management, LLC Class A Shareholders	\$ 198,569	\$ 162,357	\$ 430,673	\$ 154,370
Distributions Declared per Class A Share	\$ 0.52	\$ 0.43	\$ 1.46	\$ 1.47
Net Income Per Class A Share:				
Net Income Available to Class A Share – Basic	\$ 1.00	\$ 0.77	\$ 2.19	\$ 0.70
Net Income Available to Class A Share – Diluted	\$ 1.00	\$ 0.77	\$ 2.19	\$ 0.70
Weighted Average Number of Class A Shares Outstanding – Basic	92,882,082	200,347,996	199,837,707	190,014,240
Weighted Average Number of Class A Shares Outstanding – Diluted	92,882,082	200,347,996	199,837,707	190,014,240

Explanation of Responses:

See accompanying notes to condensed consolidated financial statements.

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APOLLO GLOBAL MANAGEMENT, LLC
 CONDENSED CONSOLIDATED STATEMENTS OF
 COMPREHENSIVE INCOME (UNAUDITED)
 FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
 (dollars in thousands, except share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Net Income	\$362,692	\$434,363	\$397,154	\$982,335
Other Comprehensive Income (Loss), net of tax:				
Currency translation adjustments, net of tax	(2,318)	5,643	(15,183)	14,583
Net gain from change in fair value of cash flow hedge instruments	27	27	79	78
Net gain (loss) on available-for-sale securities	(309)	290	(546)	189
Total Other Comprehensive Income (Loss), net of tax	(2,600)	5,960	(15,650)	14,850
Comprehensive Income	360,092	440,323	381,504	997,185
Comprehensive Income attributable to Non-Controlling Interests	(189,041)	(236,410)	(206,426)	(550,695)
Comprehensive Income Attributable to Apollo Global Management, LLC	\$171,051	\$203,913	\$175,078	\$446,490

See accompanying notes to condensed consolidated financial statements.

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APOLLO GLOBAL MANAGEMENT, LLC
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES
 IN SHAREHOLDERS' EQUITY (UNAUDITED)
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
 (dollars in thousands, except share data)

Apollo Global Management, LLC Shareholders

	Class A Shares	Series A Class B Preferred Shares	Series B Preferred Shares	Additional Paid in Capital	Accumulated Deficit	Other Comprehensive Loss	Total Apollo Global Management, LLC Shareholders' Equity	Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Apollo Operat Group
Balance at January 1, 2017	185,460,294	1 \$—	\$—	\$1,830,025	\$(986,186)	\$(8,723)	\$835,116	\$90,063	\$942,3
Adoption of new accounting guidance	—	—	—	—	22,901	—	22,901	—	—
Dilution impact of issuance of Class A shares	—	—	—	(295)	—	—	(295)	—	—
Equity issued in connection with Preferred shares offering	—	—264,398	—	—	—	—	264,398	—	—
Capital increase related to equity-based compensation	—	—	—	52,442	—	—	52,442	—	—
Capital contributions	—	—	—	—	—	—	—	43,758	—
Distributions	—	—(9,155)	—	(288,726)	—	—	(297,881)	(4,570)	(329,1
Payments related to issuances of Class A shares for equity-based awards	2,096,389	—	—	—	(28,001)	—	(28,001)	—	—
Repurchase of Class A shares	(233,248)	—	—	(6,903)	—	—	(6,903)	—	—
Exchange of AOG Units for Class A shares	6,217,418	—	—	41,224	—	—	41,224	—	(30,63
Net income	—	—9,155	—	—	430,673	—	439,828	8,967	533,54
Currency translation adjustments, net of tax	—	—	—	—	—	6,436	6,436	11,518	(3,371
Net gain from change in fair	—	—	—	—	—	37	37	—	41

Explanation of Responses:

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value of cash flow hedge instruments															
Net income on available-for-sale securities	—	—	—	—	—	189	189	—	—						
Balance at September 30, 2017	193,540,853	1	\$264,398	\$—	\$1,627,767	\$(560,613)	\$(2,061)	\$1,329,491	\$149,736	\$1,112					
Balance at January 1, 2018	195,267,669	1	\$264,398	\$—	\$1,579,797	\$(379,460)	\$(1,809)	\$1,462,926	\$140,086	\$1,294					
Adoption of new accounting guidance	—	—	—	(34	)	(8,116	)	—	(8,150	)	—	(11,210)
Dilution impact of issuance of Class A shares	—	—	—	90	—	—	—	90	—	—					
Equity issued in connection with Preferred shares offering	—	—	289,815	—	—	—	—	289,815	—	—					
Capital increase related to equity-based compensation	—	—	—	94,238	—	—	—	94,238	—	—					
Capital contributions	—	—	—	—	—	—	—	—	146,518	—					
Distributions	—	—	(13,149)	(9,350)	(309,780)	—	—	(332,279)	(29,028)	(348,200)
Payments related to issuances of Class A shares for equity-based awards	2,202,634	—	—	—	—	(40,329)	—	(40,329)	—	—			
Repurchase of Class A shares	(1,571,438)	—	—	(54,266)	—	—	(54,266)	—	—			
Exchange of AOG Units for Class A shares	5,190,600	—	—	40,286	—	—	—	40,286	—	—	(32,880)				
Net income	—	—	13,149	9,350	—	154,370	—	176,869	26,035	194,250					
Currency translation adjustments, net of tax	—	—	—	—	—	—	(1,558)	(1,558)	(12,232)	(1,393)		
Net gain from change in fair value of cash flow hedge instruments	—	—	—	—	—	—	39	39	—	40					
Net loss on available-for-sale securities	—	—	—	—	—	—	(272)	(272)	—	(274)			

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Balance at

September 30, 2018 201,089,465 1 \$264,398 \$289,815 \$1,350,331 \$(273,535) \$(3,600) \$1,627,409 \$271,379 \$1,095,000

See accompanying notes to condensed consolidated financial statements.

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APOLLO GLOBAL MANAGEMENT, LLC
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
 (dollars in thousands, except share data)

	For the Nine Months Ended September 30,	
	2018	2017
Cash Flows from Operating Activities:		
Net income	\$397,154	\$982,335
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity-based compensation	123,643	70,332
Depreciation and amortization	11,215	15,241
Unrealized gains from investment activities	(14,555)	(107,803)
Principal investment income	(25,334)	(102,877)
Performance allocations	(129,776)	(809,896)
Change in fair value of contingent obligations	(7,953)	4,619
Deferred taxes, net	38,682	49,817
Other non-cash amounts included in net income, net	(18,768)	1,310
Cash flows due to changes in operating assets and liabilities:		
Incentive fees receivable	(258)	8,419
Due from related parties	(65,697)	(47,536)
Accounts payable and accrued expenses	13,135	21,597
Accrued compensation and benefits	97,042	91,910
Deferred revenue	56,426	(17,285)
Due to related parties	(912)	(7,928)
Profit sharing payable	4,457	179,703
Other assets and other liabilities, net	(7,075)	(14,409)
Cash distributions of earnings from principal investments	55,913	41,335
Cash distributions of earnings from performance allocations	350,012	470,843
Satisfaction of contingent obligations	(6,947)	(23,597)
Apollo Fund and VIE related:		
Net realized and unrealized gains from investing activities and debt	(33,341)	(10,111)
Purchases of investments	(359,847)	(517,652)
Proceeds from sale of investments	341,745	385,035
Changes in other assets and other liabilities, net	(48,071)	6,990
Net Cash Provided by Operating Activities	\$770,890	\$670,392
Cash Flows from Investing Activities:		
Purchases of fixed assets	\$(10,010)	\$(5,929)
Proceeds from sale of investments	49,239	—
Purchase of investments	(80,677)	(14,774)
Purchase of U.S. Treasury securities	(449,865)	(198,868)
Proceeds from maturities of U.S. Treasury securities	425,830	—
Cash contributions to equity method investments	(185,372)	(116,233)
Cash distributions from equity method investments	84,036	80,360
Issuance of related party loans	(2,995)	(5,834)
Repayment of related party loans	—	17,700
Other investing activities	210	(1,141)
Net Cash Used in Investing Activities	\$(169,604)	\$(244,719)
Cash Flows from Financing Activities:		

Explanation of Responses:

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Principal repayments of debt	\$ (300,000)	\$ (30)
Issuance of Preferred shares, net of issuance costs	289,815	264,398
Distributions to Preferred Shareholders	(22,499)	(9,155)
Satisfaction of tax receivable agreement	(50,267)	(17,895)
Issuance of debt	303,267	—
Purchase of Class A shares	(81,858)	(18,463)
Payments related to deliveries of Class A shares for RSUs	(40,329)	(28,001)
Distributions paid	(309,780)	(288,726)
Distributions paid to Non-Controlling Interests in Apollo Operating Group	(348,276)	(329,172)
Other financing activities	(8,138)	(2,949)
Apollo Fund and VIE related:		
Issuance of debt	—	534,595
Principal repayment of debt	(92,153)	(442,640)
Distributions paid to Non-Controlling Interests in consolidated entities	(24,988)	(347)
Contributions from Non-Controlling Interests in consolidated entities	147,189	42,484
Net Cash Used in Financing Activities	\$ (538,017)	\$ (295,901)
Net Increase in Cash and Cash Equivalents, Restricted Cash and Cash Held at Consolidated Variable Interest Entities	63,269	129,772
Cash and Cash Equivalents, Restricted Cash and Cash Held at Consolidated Variable Interest Entities, Beginning of Period	848,060	859,662
Cash and Cash Equivalents, Restricted Cash and Cash Held at Consolidated Variable Interest Entities, End of Period	\$ 911,329	\$ 989,434
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 33,692	\$ 32,207
Interest paid by consolidated variable interest entities	12,979	9,026
Income taxes paid	8,036	8,070
Supplemental Disclosure of Non-Cash Investing Activities:		
Non-cash distributions from equity method investments	\$ (26,817)	\$ (26,167)
Non-cash contributions of other investments, at fair value	194,003	25,091
Non-cash distributions of other investments, at fair value	(46,623)	—
Supplemental Disclosure of Non-Cash Financing Activities:		
Capital increases related to equity-based compensation	\$ 94,238	\$ 52,442
Other non-cash financing activities	90	(296)
Adjustments related to exchange of Apollo Operating Group units:		
Deferred tax assets	\$ 47,011	\$ 46,539
Due to related parties	(39,605)	(35,946)
Additional paid in capital	(7,406)	(10,593)
Non-Controlling Interest in Apollo Operating Group	32,880	30,631
Reconciliation of Cash and Cash Equivalents, Restricted Cash and Cash Held at Consolidated Variable Interest Entities to the Condensed Consolidated Statements of Financial Condition:		
Cash and cash equivalents	\$ 854,574	\$ 941,043
Restricted cash	3,460	4,165
Cash held at consolidated variable interest entities	53,295	44,226
Total Cash and Cash Equivalents, Restricted Cash and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities	\$ 911,329	\$ 989,434

See accompanying notes to condensed consolidated financial statements.

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1. ORGANIZATION

Apollo Global Management, LLC (“AGM”, together with its consolidated subsidiaries, the “Company” or “Apollo”) is a global alternative investment manager whose predecessor was founded in 1990. Its primary business is to raise, invest and manage credit, private equity and real assets funds as well as strategic investment accounts, on behalf of pension, endowment and sovereign wealth funds, as well as other institutional and individual investors. For these investment management services, Apollo receives management fees generally related to the amount of assets managed, transaction and advisory fees, incentive fees and performance allocations related to the performance of the respective funds that it manages. Apollo has three primary business segments:

• Credit—primarily invests in non-control corporate and structured debt instruments including performing, stressed and distressed investments across the capital structure;

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

• Real assets—primarily invests in real estate equity for the acquisition and recapitalization of real estate assets, portfolios, platforms and operating companies, and real estate debt including first mortgage and mezzanine loans, preferred equity and commercial mortgage backed securities.

Organization of the Company

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

As of September 30, 2018, the Company owned, through six intermediate holding companies, 49.8% of the economic interests of, and operated and controlled all of the businesses and affairs of, the Apollo Operating Group through its wholly-owned subsidiaries.

AP Professional Holdings, L.P., a Cayman Islands exempted limited partnership (“Holdings”), is the entity through which the Managing Partners and certain of the Company’s other partners (the “Contributing Partners”) indirectly beneficially own interests in each of the partnerships that comprise the Apollo Operating Group (“AOG Units”). As of September 30, 2018, Holdings owned the remaining 50.2% of the economic interests in the Apollo Operating Group. The Company consolidates the financial results of the Apollo Operating Group and its consolidated subsidiaries. Holdings’ ownership interest in the Apollo Operating Group is reflected as a Non-Controlling Interest in the accompanying condensed consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with U.S. GAAP for interim financial information and instructions to the Quarterly Report on Form 10-Q. The condensed consolidated financial statements and these notes are unaudited and exclude some of the disclosures required in annual financial statements. Management believes it has made all necessary adjustments (consisting only of normal recurring items) so that the condensed consolidated financial statements are presented fairly and that estimates made in preparing its condensed consolidated financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. These condensed consolidated financial statements should be read in conjunction with the annual financial statements included in the 2017 Annual Report.

The condensed consolidated financial statements include the accounts of the Company, its wholly-owned or majority-owned subsidiaries, the consolidated entities which are considered to be variable interest entities (“VIEs”) and for which the Company is considered the primary beneficiary, and certain entities which are not considered VIEs but

which the Company controls through a majority voting interest. Intercompany accounts and transactions, if any, have been eliminated upon consolidation.

Certain reclassifications, when applicable, have been made to the prior periods' condensed consolidated financial statements and notes to conform to the current period's presentation and are disclosed accordingly.

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Consolidation

The types of entities with which Apollo is involved generally include subsidiaries (e.g., general partners and management companies related to the funds the Company manages), entities that have all the attributes of an investment company (e.g., funds) and securitization vehicles (e.g., CLOs). Each of these entities is assessed for consolidation on a case by case basis depending on the specific facts and circumstances surrounding that entity. Pursuant to the consolidation guidance, the Company first evaluates whether it holds a variable interest in an entity. Fees that are customary and commensurate with the level of services provided, and where the Company does not hold other economic interests in the entity that would absorb more than an insignificant amount of the expected losses or returns of the entity, would not be considered a variable interest. Apollo factors in all economic interests including proportionate interests through related parties, to determine if such interests are considered a variable interest. As Apollo's interests in many of these entities are solely through market rate fees and/or insignificant indirect interests through related parties, Apollo is not considered to have a variable interest in many of these entities and no further consolidation analysis is performed. For entities where the Company has determined that it does hold a variable interest, the Company performs an assessment to determine whether each of those entities qualify as a VIE.

The determination as to whether an entity qualifies as a VIE depends on the facts and circumstances surrounding each entity and therefore certain of Apollo's funds may qualify as VIEs under the variable interest model whereas others may qualify as voting interest entities ("VOEs") under the voting interest model. The granting of substantive kick-out rights is a key consideration in determining whether a limited partnership or similar entity is a VIE and whether or not that entity should be consolidated.

Under the variable interest model, Apollo consolidates those entities where it is determined that the Company is the primary beneficiary of the entity. The Company is determined to be the primary beneficiary when it has a controlling financial interest in the VIE, which is defined as possessing both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. When Apollo alone is not considered to have a controlling financial interest in the VIE but Apollo and its related parties under common control in the aggregate have a controlling financial interest in the VIE, Apollo will be deemed the primary beneficiary if it is the party that is most closely associated with the VIE. When Apollo and its related parties not under common control in the aggregate have a controlling financial interest in the VIE, Apollo would be deemed to be the primary beneficiary if substantially all the activities of the entity are performed on behalf of Apollo.

Apollo determines whether it is the primary beneficiary of a VIE at the time it becomes initially involved with the VIE and reconsiders that conclusion continuously. Investments and redemptions (either by Apollo, related parties of Apollo or third parties) or amendments to the governing documents of the respective entity may affect an entity's status as a VIE or the determination of the primary beneficiary.

Assets and liabilities of the consolidated VIEs are primarily shown in separate sections within the condensed consolidated statements of financial condition. Changes in the fair value of the consolidated VIEs' assets and liabilities and related interest, dividend and other income and expenses are presented within net gains from investment activities of consolidated variable interest entities in the condensed consolidated statements of operations. The portion attributable to Non-Controlling Interests is reported within net income attributable to Non-Controlling Interests in the condensed consolidated statements of operations. For additional disclosures regarding VIEs, see note 5.

Under the voting interest model, Apollo consolidates those entities it controls through a majority voting interest. Apollo does not consolidate those VOEs in which substantive kick-out rights have been granted to the unrelated investors to either dissolve the fund or remove the general partner.

Cash and Cash Equivalents

Apollo considers all highly liquid short-term investments with original maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents include money market funds and U.S. Treasury securities

with original maturities of three months or less when purchased. Interest income from cash and cash equivalents is recorded in interest income in the condensed consolidated statements of operations. The carrying values of the money market funds and U.S. Treasury securities was \$340.8 million and \$404.7 million as of September 30, 2018 and December 31, 2017, respectively, which approximate their fair values due to their short-term nature and are categorized as Level I within the fair value hierarchy. Substantially all of the Company's cash on deposit is in interest bearing accounts with major financial institutions and exceed insured limits.

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U.S. Treasury securities, at fair value

U.S. Treasury securities, at fair value includes U.S. Treasury bills with original maturities greater than three months when purchased. These securities are recorded at fair value. Interest income on such securities is separately presented from the overall change in fair value and is recognized in interest income in the condensed consolidated statements of operations. Any remaining change in fair value of such securities, that is not recognized as interest income, is recognized in net gains from investment activities in the condensed consolidated statements of operations.

Fair Value of Financial Instruments

Apollo has elected the fair value option for the Company's investment in Athene Holding, the assets and liabilities of certain of its consolidated VIEs (including CLOs), the Company's U.S. Treasury securities with original maturities greater than three months when purchased, and certain of the Company's other investments. Such election is irrevocable and is applied to financial instruments on an individual basis at initial recognition.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

Except for the Company's debt obligations, financial instruments are generally recorded at fair value or at amounts whose carrying values approximate fair value. The actual realized gains or losses will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based.

Fair Value Hierarchy

U.S. GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants.

Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair values, as follows:

Level I - Quoted prices are available in active markets for identical financial instruments as of the reporting date. The types of financial instruments included in Level I include listed equities and debt. The Company does not adjust the quoted price for these financial instruments, even in situations where the Company holds a large position and the sale of such position would likely deviate from the quoted price.

Level II - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Financial instruments that are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives where the fair value is based on observable inputs. These financial instruments exhibit higher levels of liquid market observability as compared to Level III financial instruments.

Level III - Pricing inputs are unobservable for the financial instrument and includes situations where there is little observable market activity for the financial instrument. The inputs into the determination of fair value may require significant management judgment or estimation. Financial instruments that are included in this category generally include general and limited partner interests in corporate private equity and real assets funds, opportunistic credit funds, distressed debt and non-investment grade residual interests in securitizations and CDOs and CLOs where the fair value is based on observable inputs as well as unobservable inputs.

When a security is valued based on broker quotes, the Company subjects those quotes to various criteria in making the determination as to whether a particular financial instrument would qualify for classification as Level II or Level III.

Explanation of Responses:

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criteria include, but are not limited to, the number and quality of the broker quotes, the standard deviations of the observed broker quotes, and the percentage deviation from independent pricing services.

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

Equity Method Investments

For investments in entities over which the Company exercises significant influence but which do not meet the requirements for consolidation and for which the Company has not elected the fair value option, the Company uses the equity method of accounting, whereby the Company records its share of the underlying income or loss of such entities. The Company's share of the underlying net income or loss of such entities is recorded in principal investment income in the condensed consolidated statements of operations.

The carrying amounts of equity method investments are recorded in investments in the condensed consolidated statements of financial condition. As the underlying entities that the Company manages and invests in are, for U.S. GAAP purposes, primarily investment companies which reflect their investments at estimated fair value, the carrying value of the Company's equity method investments in such entities approximates fair value.

Financial Instruments held by Consolidated VIEs

The Company measures both the financial assets and financial liabilities of the consolidated CLOs in its condensed consolidated financial statements using the fair value of the financial assets of the consolidated CLOs, which are more observable than the fair value of the financial liabilities of the consolidated CLOs. As a result, the financial assets of the consolidated CLOs are measured at fair value and the financial liabilities are measured in consolidation as: (i) the sum of the fair value of the financial assets and the carrying value of any non-financial assets that are incidental to the operations of the CLOs less (ii) the sum of the fair value of any beneficial interests retained by the Company (other than those that represent compensation for services) and the Company's carrying value of any beneficial interests that represent compensation for services. The resulting amount is allocated to the individual financial liabilities (other than the beneficial interest retained by the Company) using a reasonable and consistent methodology. Under the measurement alternative, net income attributable to Apollo Global Management, LLC reflects the Company's own economic interests in the consolidated CLOs including (i) changes in the fair value of the beneficial interests retained by the Company and (ii) beneficial interests that represent compensation for collateral management services.

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

Deferred Revenue

Apollo records deferred revenue, which is a type of contract liability, when consideration is received in advance of management services provided.

Apollo also earns management fees subject to the Management Fee Offset (described below). When advisory and transaction fees are earned by the management company, the Management Fee Offset reduces the management fee

obligation of the fund. When the Company receives cash for advisory and transaction fees, a certain percentage of such advisory and/or transaction fees, as applicable, is allocated as a credit to reduce future management fees, otherwise payable by such fund. Such credit is recorded as deferred revenue in the condensed consolidated statements of financial condition. A portion of any excess advisory and transaction fees may be required to be returned to the limited partners of certain funds upon such fund's liquidation. As the

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management fees earned by the Company are presented on a gross basis, any Management Fee Offsets calculated are presented as a reduction to advisory and transaction fees in the condensed consolidated statements of operations. Additionally, Apollo earns advisory fees pursuant to the terms of the advisory agreements with certain of the portfolio companies that are owned by the funds Apollo manages. When Apollo receives a payment from a portfolio company that exceeds the advisory fees earned at that point in time, the excess payment is recorded as deferred revenue in the condensed consolidated statements of financial condition. The advisory agreements with the portfolio companies vary in duration and the associated fees are received monthly, quarterly or annually. Deferred revenue is reversed and recognized as revenue over the period that the agreed upon services are performed. There was \$120.6 million of revenue recognized during the nine months ended September 30, 2018 that was previously deferred as of January 1, 2018.

Under the terms of the funds' partnership agreements, Apollo is normally required to bear organizational expenses over a set dollar amount and placement fees or costs in connection with the offering and sale of interests in the funds it manages to investors. The placement fees are payable to placement agents, who are independent third parties that assist in identifying potential investors, securing commitments to invest from such potential investors, preparing or revising offering and marketing materials, developing strategies for attempting to secure investments by potential investors and/or providing feedback and insight regarding issues and concerns of potential investors, when a limited partner either commits or funds a commitment to a fund. In certain instances the placement fees are paid over a period of time. Based on the management agreements with the funds, Apollo considers placement fees and organizational costs paid in determining if cash has been received in excess of the management fees earned. Placement fees and organizational costs are normally the obligation of Apollo but can be paid for by the funds. When these costs are paid by the fund, the resulting obligations are included within deferred revenue. The deferred revenue balance will also be reduced during future periods when management fees are earned but not paid.

Revenues

The Company's revenues are reported in four separate categories that include (i) management fees; (ii) advisory and transaction fees, net; (iii) investment income which is comprised of two subcomponents: (1) performance allocations and (2) principal investment income; and (iv) incentive fees.

On January 1, 2018, the Company adopted new revenue guidance issued by the FASB for recognizing revenue from contracts with customers. The new revenue guidance requires that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services (i.e., the transaction price). When determining the transaction price under the new revenue guidance, an entity may recognize variable consideration only to the extent that it is probable to not be significantly reversed. The new revenue guidance also requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized.

The Company has concluded that its management fees, advisory and transaction fees, and incentive fees are within the scope of the new revenue guidance. For incentive fees, the new revenue guidance delays the timing of certain revenues compared to the prior accounting treatment. These amounts were previously recognized in carried interest income in the condensed consolidated statements of operations and are now recognized separately within its own line, incentive fees.

Effective January 1, 2018, the Company implemented a change in accounting principle for performance allocations to be accounted for under guidance applicable to equity method investments, and therefore not within the scope of the new revenue guidance. The accounting change does not change the timing or amount of revenue recognized related to performance allocation arrangements. These amounts were previously recognized within carried interest income in the condensed consolidated statements of operations and carried interest receivable within the condensed consolidated statements of financial condition. As a result of the change in accounting principle, the Company recognizes

performance allocations within investment income along with the related principal investment income (as described further below) in the condensed consolidated statements of operations and within the investments line in the condensed consolidated statements of financial condition. The Company applied this change in accounting principle on a full retrospective basis.

The new revenue guidance was adopted on a modified retrospective basis. The adoption of the new revenue guidance did not have a material impact on the Company. In connection with the adoption of the new revenue guidance, the Company recorded a cumulative effect adjustment to total shareholders' equity as of January 1, 2018 in the amount of \$19.4 million net of taxes. Prior periods have not been recast to reflect the new revenue guidance. Accordingly, prior periods reflect recognition under

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the previous guidance whereby incentive fees were recorded on an assumed liquidation basis at each reporting date. Refer to disclosures below for additional information on each of the Company's revenue streams.

Management Fees

Management fees for funds are recognized over time during the periods in which the related services are performed in accordance with the contractual terms of the related agreement. Management fees are generally based on (1) a percentage of the capital committed during the commitment period, and thereafter based on the remaining invested capital of unrealized investments, or (2) net asset value, gross assets or as otherwise defined in the respective agreements. Included in management fees are certain expense reimbursements where the Company is considered the principal under the agreements and is required to record the expense and related reimbursement revenue on a gross basis.

Advisory and Transaction Fees, Net

Advisory fees, including monitoring fees and directors' fees, are generally recognized over time as the underlying services are provided in accordance with the contractual terms of the related agreement. The Company receives such fees in exchange for ongoing management consulting, monitoring, and oversight of portfolio company operations. Transaction fees, including structuring fees and arranging fees are generally recognized at a point in time when the underlying services rendered are complete.

The amounts due from portfolio companies are recorded in due from related parties, which is discussed further in note 13. Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds may be subject to a reduction based on a certain percentage of such advisory and transaction fees, net of applicable broken deal costs ("Management Fee Offset"). Advisory and transaction fees are presented net of the Management Fee Offset in the condensed consolidated statements of operations.

Underwriting fees, which are also included within advisory and transaction fees, net, include gains, losses and fees, arising from securities offerings in which one of the Company's subsidiaries participates in the underwriter syndicate. Underwriting fees are recognized at a point in time when the underwriting is completed. Underwriting fees recognized but not received are recorded in other assets on the condensed consolidated statements of financial condition.

During the normal course of business, the Company incurs certain costs related to certain transactions that are not consummated ("broken deal costs"). These costs (e.g., research costs, due diligence costs, professional fees, legal fees and other related items) are determined to be broken deal costs upon management's decision to no longer pursue the transaction. In accordance with the related fund agreement, in the event the deal is deemed broken, all of the costs are reimbursed by the funds and then included as a component of the calculation of the Management Fee Offset. If a deal is successfully completed, Apollo is reimbursed by the fund or fund's portfolio company for all costs incurred and no offset is generated. As the Company acts as an agent for the funds it manages, any transaction costs incurred and paid by the Company on behalf of the respective funds relating to successful or broken deals are recorded net on the Company's condensed consolidated statements of operations, and any receivable from the respective funds is recorded in due from related parties on the condensed consolidated statements of financial condition.

Investment Income

Investment income is comprised of two subcomponents: (1) performance allocations and (2) principal investment income.

Performance Allocations

Performance allocations are a type of performance revenue (i.e., income earned based on the extent to which an entity's performance exceeds predetermined thresholds). Performance allocations are generally structured from a legal standpoint as an allocation of capital in which the asset manager's capital account receives allocations of the returns of an entity when those returns exceed predetermined thresholds. The determination of which performance revenues are considered performance allocations is primarily based on the terms of an agreement with the entity.

As noted above, as a result of a change in accounting principle, the Company recognizes performance allocations within investment income along with the related principal investment income (as described further below) in the condensed consolidated statements of operations and within the investments line in the condensed consolidated statements of financial condition.

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Principal Investment Income

Principal investment income includes the Company's income or loss from equity method investments and certain other investments in entities in which the Company is generally eligible to receive performance allocations. Income from equity method investments includes the Company's share of net income or loss generated from its investments, which are not consolidated, but in which the Company exerts significant influence. Prior to the change in accounting principle noted above, income from equity method investments was included within other income (loss) in the condensed consolidated statements of operations. All prior periods have been conformed to reflect this change in presentation.

Incentive Fees

Incentive fees are a type of performance revenue. Incentive fees differ from performance allocations in that incentive fees do not represent an allocation of capital but rather a contractual fee arrangement with the entity.

Incentive fees are considered a form of variable consideration under the new revenue guidance as they are subject to clawback or reversal and therefore must be deferred until the fees are probable to not be significantly reversed.

Accrued but unpaid incentive fees are reported within incentive fees receivable in the Company's condensed consolidated statements of financial condition. As noted earlier, prior to the adoption of the new revenue guidance, incentive fees were recognized on an assumed liquidation basis. The Company's incentive fees primarily relate to the credit segment and are generally received from the management of CLOs, managed accounts and AINV.

Compensation and Benefits

Equity-Based Compensation

Equity-based awards granted to employees and non-employees as compensation are measured based on the grant date fair value of the award. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately. Equity-based employee awards that require future service are expensed over the relevant service period. In addition, the Company provides for the vesting of certain restricted share units ("RSUs") subject to continued employment and certain performance metrics being achieved. In accordance with U.S. GAAP, equity-based compensation expense for such awards is recognized on an accelerated recognition method over the requisite service period to the extent the performance metrics are met or deemed probable. The Company accounts for forfeitures of equity-based awards when they occur.

Profit Sharing

Profit sharing expense and profit sharing payable primarily consist of a portion of performance allocations and incentive fees (collectively, "performance revenues") earned from certain funds that are allocated to employees, former employees and Contributing Partners. Profit sharing amounts are recognized as the related performance revenues are earned. Accordingly, profit sharing amounts can be reversed during periods when there is a decline in performance revenues that were previously recognized.

Profit sharing amounts are generally not paid until the related performance revenue is distributed to the general partner upon realization of the fund's investments. Under certain profit sharing arrangements, the Company requires that a portion of certain of the performance revenues distributed to our employees be used to purchase Class A restricted shares issued under our 2007 Equity Plan. Prior to distribution of the performance revenue, the Company records the value of the equity-based awards expected to be granted in other assets and other liabilities within the condensed consolidated statements of financial condition. Such equity-based awards are recorded as equity-based compensation expense over the relevant service period once granted.

Additionally, profit sharing amounts previously distributed may be subject to clawback from employees, former employees and Contributing Partners. When applicable, the accrual for potential clawback of previously distributed profit sharing amounts, which is a component of due from related parties on the condensed consolidated statements of financial condition, represents all amounts previously distributed to employees, former employees and Contributing Partners that would need to be returned to the general partner if the Apollo funds were to be liquidated based on the

fair value of the underlying funds' investments as of the reporting date. The actual general partner receivable, however, would not become realized until the end of a fund's life.

Profit sharing payable also includes contingent consideration obligations that were recognized in connection with certain Apollo acquisitions. Changes in the fair value of the contingent consideration obligations are reflected in the Company's condensed consolidated statements of operations as profit sharing expense.

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

401(k) Savings Plan

The Company sponsors a 401(k) savings plan (the “401(k) Plan”) whereby U.S.-based employees are entitled to participate in the 401(k) Plan based upon satisfying certain eligibility requirements. The Company matches 50% of eligible annual employee contributions up to 3% of the eligible employees’ annual compensation. Matching contributions vest after three years of service.

General, Administrative and Other

General, administrative and other primarily includes professional fees, occupancy, depreciation and amortization, travel, information technology and administration expenses.

Use of Estimates

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Apollo’s most significant estimates include goodwill, intangible assets, income taxes, performance allocations, incentive fees, contingent consideration obligation related to an acquisition, non-cash compensation, and fair value of investments and debt. Actual results could differ materially from those estimates.

Recent Accounting Pronouncements

Recently Issued Accounting Standards Adopted in 2018

In November 2016, the FASB issued guidance to reduce diversity in practice in the classification and presentation of changes in restricted cash on the statements of cash flows. The new guidance requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash. Entities are also required to reconcile such total to amounts on the Company’s condensed consolidated statements of financial condition and disclose the nature of the restrictions. The Company adopted the standard beginning January 1, 2018 using a retrospective transition method to each period presented. Upon adoption of this standard restricted cash and cash and cash equivalents held at consolidated variable interest entities are included within the beginning of period and end of period balances in the Company’s condensed consolidated statements of cash flows. Refer to the Company’s condensed consolidated statements of cash flows for the impact of this standard.

In January 2017, the FASB issued guidance that changes the definition of a business with the objective of adding guidance to assist companies with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The Company adopted the standard beginning January 1, 2018. The adoption of this standard did not have an impact on the condensed consolidated financial statements of the Company.

In June 2018, the FASB issued guidance which generally aligns the measurement and classification for share-based payments to non-employees with the accounting guidance for share-based payments to employees. Among other requirements, the new guidance requires equity-classified non-employee share-based payment awards to be measured at the grant date, rather than remeasured to fair value at the end of each reporting period. The guidance is effective for public business entities on January 1, 2019, however early adoption is permitted. The Company early adopted this standard retroactive to January 1, 2018 and the impact of this guidance was not material to the condensed consolidated financial statements.

In August 2018, the FASB issued guidance which changes the fair value disclosure requirements. The guidance includes new fair value disclosure requirements and eliminates and modifies certain other fair value disclosure

requirements. Among other requirements, the guidance requires the following new disclosures: (i) disclosure of changes in unrealized gains or losses included in other comprehensive income for recurring Level III fair value measurements held at the end of the reporting period and (ii) a description of how the weighted average used to develop significant unobservable inputs for Level III fair value measurements

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was calculated. The guidance eliminates the following disclosure requirements: (i) disclosure of the amount and reason for transfers between Level I and Level II and (ii) disclosure of the policy for timing of transfers between levels of the fair value hierarchy. The guidance is effective for all entities for interim and annual periods beginning after December 15, 2019. Early adoption is permitted for any eliminated or modified disclosure requirements upon issuance of the guidance. The Company early adopted the eliminated and modified disclosure requirements upon issuance of the guidance during the three month period ended September 30, 2018 and will adopt the new disclosure requirements upon their effective date. Eliminated disclosures have been applied retroactively to all periods presented.

Recently Issued Accounting Standards Effective on January 1, 2019

In February 2016, the FASB issued guidance that amends the accounting for leases. The amended guidance requires recognition of a lease asset and a lease liability by lessees for leases classified as operating leases. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from existing guidance. The amended guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2018. Early adoption is permitted for all entities. The Company expects its total assets and total liabilities on its condensed consolidated statements of financial condition to increase upon adoption of this guidance as a result of recording a lease asset and lease liability related to its operating leases. The Company is continuing to evaluate the impact that this guidance will have on its condensed consolidated financial statements.

However, the Company expects to elect to use the practical expedients under which the Company would not need to reassess whether an arrangement is or contains a lease, lease classification, and the accounting for initial direct costs. The Company will adopt the new leasing guidance on January 1, 2019.

Recently Issued Accounting Standards Effective on January 1, 2020

In January 2017, the FASB issued guidance to simplify the test for goodwill impairment. The new guidance removes the requirement to perform a hypothetical purchase price allocation to measure goodwill impairment (Step 2). Under the new guidance, a goodwill impairment is calculated as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill in the reporting unit. The guidance is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019 and should be performed prospectively. Early adoption is permitted for interim or annual goodwill impairment tests performed after January 1, 2017. The guidance is not expected to have an impact on the condensed consolidated financial statements of the Company.

3. INVESTMENTS

The following table represents Apollo's investments:

	As of September 30, 2018	As of December 31, 2017
Investments, at fair value	\$1,076,095	\$866,998
Equity method investments	903,837	863,906
Performance allocations	1,435,233	1,828,930
Total Investments	\$3,415,165	\$3,559,834

Investments, at Fair Value

Investments, at fair value, consist of investments for which the fair value option has been elected and primarily include the Company's investment in Athene Holding and investments in debt of unconsolidated CLOs. Changes in the fair value related to these investments are presented in net gains from investment activities except for certain investments for which the Company is entitled to receive performance allocations. For those investments, changes in fair value are presented in principal investment income.

As of September 30, 2018 and for the three and nine months ended September 30, 2018, no equity method investment held by Apollo met the significance criteria as defined by the SEC. Although the following disclosure is not required

by the significance criteria for the three and nine months ended September 30, 2018, the Company chose to continue to include this information as it was disclosed in its 2017 Annual Report. The following table presents summarized financial information of Athene Holding:

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	For the Three Months Ended September 30, 2018 ⁽¹⁾ 2017		For the Nine Months Ended September 30, 2018 ⁽¹⁾ 2017	
	(in millions)			
Statements of Operations				
Revenues	\$ 1,797	\$ 1,473	\$ 6,680	\$ 4,855
Expenses	1,467	1,179	5,525	3,818
Income before income tax provision	330	294	1,155	1,037
Income tax provision	66	20	159	53
Net income	\$ 264	\$ 274	\$ 996	\$ 984

The financial information for the three and nine months ended September 30, 2018 is presented a quarter in arrears (1) and reflects the financial information for the three and nine months ended June 30, 2018, which represents the latest available financial information as of the date of this report.

Net Gains from Investment Activities

The following table presents the realized and net change in unrealized gains reported in net gains from investment activities:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Realized gains on sales of investments, net	\$ 1	\$ 162	\$ 67	\$ 14
Net change in unrealized gains due to changes in fair value	155,282	68,770	20,578	102,922
Net gains from investment activities	\$ 155,283	\$ 68,932	\$ 20,645	\$ 102,936

Equity Method Investments

Apollo's equity method investments include its investments in the credit, private equity and real assets funds it manages, which are not consolidated, but in which the Company exerts significant influence. Apollo's share of net income generated by these investments is recorded in principal investment income in the condensed consolidated statements of operations.

Equity method investments consisted of the following:

	Equity Held as of	
	September ⁽⁴⁾ 30, 2018	December ⁽⁴⁾ 31, 2017
Credit ⁽²⁾	\$ 392,235	\$ 325,267
Private Equity ⁽¹⁾	483,665	509,707
Real Assets	27,937	28,932
Total equity method investments ⁽³⁾	\$ 903,837	\$ 863,906

The equity method investment in Fund VIII was \$384.4 million and \$385.7 million as of September 30, 2018 and (1) December 31, 2017, respectively, representing an ownership percentage of 2.2% and 2.2% as of September 30, 2018 and December 31, 2017, respectively.

(2) The equity method investment in AINV was \$54.1 million and \$56.5 million as of September 30, 2018 and December 31, 2017, respectively. The value of the Company's investment in AINV was \$48.3 million and \$50.2 million based on the quoted market price as of September 30, 2018 and December 31, 2017, respectively.

(3)

Explanation of Responses:

Certain funds invest across multiple segments. The presentation in the table above is based on the classification of the majority of such funds' investments.

(4) Some amounts included are a quarter in arrears.

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Performance Allocations

Performance allocations from private equity, credit and real assets funds consisted of the following:

	As of September 30, 2018	As of December 31, 2017
Private Equity	\$1,011,770	\$1,404,777
Credit	396,316	395,340
Real Assets	27,147	28,813
Total performance allocations	\$1,435,233	\$1,828,930

The table below provides a roll forward of the performance allocations balance:

	Private Equity	Credit	Real Assets	Total
Performance allocations, January 1, 2018	\$ 1,404,777	\$395,340	\$ 28,813	\$1,828,930
Change in fair value of funds	18,313	102,702	5,181	126,196
Fund distributions to the Company	(411,320) ⁽¹⁾	(101,726)	(6,847)	(519,893)
Performance allocations, September 30, 2018	\$ 1,011,770	\$396,316	\$ 27,147	\$1,435,233

⁽¹⁾ Includes realized performance allocations of \$169.9 million from AP Alternative Assets, L.P. ("AAA"), settled in the form of shares of Athene Holding.

The change in fair value of funds excludes the reversal of previously realized performance allocations due to the general partner obligation to return previously distributed performance allocations, which is recorded in due to related parties in the consolidated statements of financial condition. See note 13 for further disclosure regarding the general partner obligation.

The timing of the payment of performance allocations due to the general partner or investment manager varies depending on the terms of the applicable fund agreements. Generally, performance allocations with respect to the private equity funds and certain credit and real assets funds is payable and is distributed to the fund's general partner upon realization of an investment if the fund's cumulative returns are in excess of the preferred return.

4. PROFIT SHARING PAYABLE

Profit sharing payable consisted of the following:

	As of September 30, 2018	As of December 31, 2017
Credit	\$ 270,077	\$ 265,791
Private Equity	401,226	475,556
Real Assets	13,291	10,929
Total profit sharing payable	\$ 684,594	\$ 752,276

The table below provides a roll forward of the profit sharing payable balance:

	Private Equity	Credit	Real Assets	Total
Profit sharing payable, January 1, 2018	\$ 475,556	\$265,791	\$ 10,929	\$752,276
Profit sharing expense	57,287	61,843	3,570	122,700
Payments/other ⁽¹⁾	(131,617) ⁽²⁾	(57,557)	(1,208)	(190,382)
Profit sharing payable, September 30, 2018	\$ 401,226	\$270,077	\$ 13,291	\$684,594

⁽¹⁾ Includes \$10.6 million associated with the adoption of new revenue recognition accounting guidance, as discussed in note 2.

⁽²⁾ Includes \$46.6 million associated with profit sharing expense related to AAA that was settled in the form of shares of Athene Holding.

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Profit sharing expense includes (i) changes in amounts payable to employees and former employees entitled to a share of performance revenues in Apollo's funds and (ii) changes to the fair value of the contingent consideration obligations recognized in connection with certain Apollo acquisitions. Profit sharing expense excludes the potential return of profit sharing distributions that would be due if certain funds were liquidated, which is recorded in due from related parties in the consolidated statements of financial condition. See note 13 for further disclosure regarding the potential return of profit sharing distributions.

As discussed in note 2, under certain profit sharing arrangements, the Company requires that a portion of certain of the performance revenues distributed to its employees be used to purchase Class A restricted shares issued under our 2007 Equity Plan. Prior to distribution of the performance revenues, the Company records the value of the equity-based awards expected to be granted in other assets and other liabilities within the condensed consolidated statements of financial condition. See note 7 for further disclosure regarding deferred equity-based compensation.

5. VARIABLE INTEREST ENTITIES

As described in note 2, the Company consolidates entities that are VIEs for which the Company has been designated as the primary beneficiary. There is no recourse to the Company for the consolidated VIEs' liabilities.

Consolidated Variable Interest Entities

Apollo has consolidated VIEs in accordance with the policy described in note 2. Through its role as investment manager of these VIEs, the Company determined that Apollo has the power to direct the activities that most significantly impact the economic performance of these VIEs. Additionally, Apollo determined that its interests, both directly and indirectly from these VIEs, represent rights to returns that could potentially be significant to such VIEs. As a result, Apollo determined that it is the primary beneficiary and therefore should consolidate the VIEs.

Certain CLOs are consolidated by Apollo as the Company is considered to hold a controlling financial interest through direct and indirect interests in these CLOs exclusive of management and performance-based fees received. Through its role as collateral manager of these VIEs, the Company determined that Apollo has the power to direct the activities that most significantly impact the economic performance of these VIEs. These CLOs were formed for the sole purpose of issuing collateralized notes to investors. The assets of these VIEs are primarily comprised of senior secured loans and the liabilities are primarily comprised of debt.

The assets of consolidated CLOs are not available to creditors of the Company. In addition, the investors in these consolidated CLOs have no recourse against the assets of the Company. The Company measures both the financial assets and the financial liabilities of the CLOs using the fair value of the financial assets as further described in note 2. The Company has elected the fair value option for financial instruments held by its consolidated CLOs, which includes investments in loans and corporate bonds, as well as debt obligations and contingent obligations held by such consolidated CLOs. Other assets include amounts due from brokers and interest receivables. Other liabilities include payables for securities purchased, which represent open trades within the consolidated CLOs and primarily relate to corporate loans that are expected to settle within 60 days.

Net Gains from Investment Activities of Consolidated Variable Interest Entities

The following table presents net gains from investment activities of the consolidated VIEs:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		
	2018	(1) 2017	(1) 2018	(1) 2017	(1)
Net gains (losses) from investment activities	\$17,898	\$(272)	\$23,211	\$9,244	
Net gains (losses) from debt	(6,131)	635	2,043	3,319	
Interest and other income	8,391	9,977	27,118	26,420	
Interest and other expenses	(7,157)	(9,495)	(23,626)	(27,898)	
	\$13,001	\$845	\$28,746	\$11,085	

Net gains from investment activities of consolidated variable interest entities

(1) Amounts reflect consolidation eliminations.

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Senior Secured Notes, Subordinated Notes and Secured Borrowings

Included within debt are amounts due to third-party institutions by the consolidated VIEs. The following table summarizes the principal provisions of the debt of the consolidated VIEs:

	As of September 30, 2018			As of December 31, 2017		
	Principal Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years	Principal Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Senior Secured Notes ⁽²⁾	\$778,229	1.66 %	11.4	\$806,603	1.68 %	12.2
Subordinated Notes ⁽²⁾	96,852	N/A	⁽¹⁾ 21.7	100,188	N/A	⁽¹⁾ 22.4
Secured Borrowings ⁽²⁾⁽³⁾	18,976	3.33 %	9.1	109,438	2.70 %	9.3
Total	\$894,057			\$1,016,229		

⁽¹⁾ The subordinated notes do not have contractual interest rates but instead receive distributions from the excess cash flows of the VIEs.

The debt of the consolidated VIEs is collateralized by assets of the consolidated VIEs and assets of one vehicle ⁽²⁾ may not be used to satisfy the liabilities of another vehicle. The fair value of the debt and collateralized assets of the Senior Secured Notes, Subordinated Notes and Secured Borrowings are presented below:

	As of September 30, 2018	As of December 31, 2017
Debt, at fair value	\$880,570	\$1,002,063
Collateralized assets	\$1,301,229	\$1,328,586

Secured borrowings consist of a consolidated VIE's obligation through a repurchase agreement redeemable at ⁽³⁾maturity with a third party lender. The fair value of the secured borrowings as of September 30, 2018 and December 31, 2017 was \$19.0 million and \$109.4 million, respectively.

The consolidated VIEs' debt obligations contain various customary loan covenants. As of September 30, 2018, the Company was not aware of any instances of non-compliance with any of these covenants.

Variable Interest Entities Which are Not Consolidated

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

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

	As of September 30, 2018	As of December 31, 2017
Assets:		
Cash	\$207,410	\$254,791
Investments	4,532,562	6,230,397
Receivables	174,680	36,601
Total Assets	\$4,914,652	\$6,521,789
Liabilities:		
Debt and other payables	\$3,579,828	\$3,285,263
Total Liabilities	\$3,579,828	\$3,285,263

Apollo Exposure⁽¹⁾ \$223,464 \$252,605

Represents Apollo's direct investment in those entities in which Apollo holds a significant variable interest and (1) certain other investments. Additionally, cumulative performance allocations are subject to reversal in the event of future losses, as discussed in note 14.

6. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following tables summarize the Company's financial assets and financial liabilities recorded at fair value by fair value hierarchy level:

	As of September 30, 2018			Total	Cost
	Level I	Level II	Level III		
Assets					
U.S. Treasury securities, at fair value	\$390,448	\$—	\$—	\$390,448	\$387,848
Investments, at fair value:					
Investment in Athene Holding	209,800	760,702	—	970,502	510,784
Other investments	—	42,905	62,688	(1) 105,593	100,269
Total investments, at fair value	209,800	803,607	62,688	1,076,095	611,053
Investments of VIEs, at fair value	—	919,705	278,430	1,198,135	
Investments of VIEs, valued using NAV	—	—	—	4,050	
Total investments of VIEs, at fair value	—	919,705	278,430	1,202,185	
Derivative assets ⁽²⁾	—	320	—	320	
Total Assets	\$600,248	\$1,723,632	\$341,118	\$2,669,048	
Liabilities					
Liabilities of VIEs, at fair value	\$—	\$880,570	\$—	\$880,570	
Contingent consideration obligations ⁽³⁾	—	—	77,700	77,700	
Derivative liabilities ⁽²⁾	—	944	—	944	
Total Liabilities	\$—	\$881,514	\$77,700	\$959,214	

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	As of December 31, 2017				Cost
	Level I	Level II	Level III	Total	
Assets					
U.S. Treasury securities, at fair value	\$ 364,649	\$—	\$—	\$ 364,649	\$ 363,812
Investments, at fair value:					
Investment in Athene Holding	—	802,985	—	802,985	387,526
Other investments	205	28,107	35,701	64,013	61,179
Total investments, at fair value	205	831,092	35,701	866,998	448,705
Investments of VIEs, at fair value	—	1,058,999	132,348	1,191,347	
Investments of VIEs, valued using NAV	—	—	—	4,843	
Total investments of VIEs, at fair value	—	1,058,999	132,348	1,196,190	
Derivative assets ⁽²⁾	—	478	—	478	
Total Assets	\$ 364,854	\$ 1,890,569	\$ 168,049	\$ 2,428,315	
Liabilities					
Liabilities of VIEs, at fair value	\$—	\$ 1,002,063	\$ 12,620	\$ 1,014,683	
Contingent consideration obligations ⁽³⁾	—	—	92,600	92,600	
Derivative liabilities ⁽²⁾	—	1,537	—	1,537	
Total Liabilities	\$—	\$ 1,003,600	\$ 105,220	\$ 1,108,820	

Other investments excludes \$5.2 million of performance allocations classified as Level III related to certain (1) investments for which the Company has elected the fair value option. The Company's policy is to account for performance allocations as investments.

(2) Derivative assets and derivative liabilities are presented as a component of Other assets and Other liabilities, respectively, in the condensed consolidated statements of financial condition.

(3) Profit sharing payable includes contingent obligations classified as Level III.

The following tables summarize the changes in financial assets measured at fair value for which Level III inputs have been used to determine fair value:

	For the Three Months Ended September 30, 2018		
	Other Investments	of Consolidated VIEs	Total
Balance, Beginning of Period	\$ 60,871	\$ 268,623	\$ 329,494
Purchases	22,774	7,162	29,936
Sales of investments/distributions	(20,972)	—	(20,972)
Net realized gains	1	—	1
Changes in net unrealized gains	658	11,701	12,359
Cumulative translation adjustment	972	(9,056)	(8,084)
Transfer out of Level III ⁽¹⁾	(1,616)	—	(1,616)
Balance, End of Period	\$ 62,688	\$ 278,430	\$ 341,118
Change in net unrealized gains included in net gains from investment activities related to investments still held at reporting date	\$ 592	\$ —	\$ 592
Change in net unrealized gains included in net gains from investment activities of consolidated VIEs related to investments still held at reporting date	—	11,701	11,701

Explanation of Responses:

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	For the Three Months Ended September 30, 2017		
	Other Investments	Investments of Consolidated VIEs	Total
Balance, Beginning of Period	\$53,722	\$ 170,666	\$ 224,388
Purchases	10,075	21,729	31,804
Sale of investments/distributions	—	(21,119)	(21,119)
Net realized gains	—	154	154
Changes in net unrealized gains	58	1,791	1,849
Cumulative translation adjustment	1,535	3,145	4,680
Transfer out of Level III ⁽¹⁾	—	(40,789)	(40,789)
Balance, End of Period	\$65,390	\$ 135,577	\$ 200,967
Change in net unrealized gains included in net gains from investment activities related to investments still held at reporting date	\$58	\$ —	\$58
Change in net unrealized gains included in net gains from investment activities of consolidated VIEs related to investments still held at reporting date	—	1,330	1,330

Transfers between Level II and III were a result of subjecting the broker quotes on these financial assets to various (1) criteria which include the number and quality of broker quotes, the standard deviation of obtained broker quotes and the percentage deviation from independent pricing services.

	For the Nine Months Ended September 30, 2018		
	Other Investments	Investments of Consolidated VIEs	Total
Balance, Beginning of Period	\$35,701	\$ 132,348	\$ 168,049
Purchases	88,536	144,984	233,520
Sale of investments/distributions	(49,288)	(14,205)	(63,493)
Net realized gains (losses)	416	(1,112)	(696)
Changes in net unrealized gains	2,078	28,820	30,898
Cumulative translation adjustment	43	(13,532)	(13,489)
Transfer into Level III ⁽¹⁾	4,558	18,783	23,341
Transfer out of Level III ⁽¹⁾	(19,356)	(17,656)	(37,012)
Balance, End of Period	\$62,688	\$ 278,430	\$ 341,118
Change in net unrealized gains included in net gains from investment activities related to investments still held at reporting date	\$2,012	\$ —	\$2,012
Change in net unrealized gains included in net gains from investment activities of consolidated VIEs related to investments still held at reporting date	—	27,664	27,664

For the Nine Months Ended September 30, 2017		
Other Investments	Investments of Consolidated	Total

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		VIEs	
Balance, Beginning of Period	\$45,721	\$ 92,474	\$138,195
Purchases	14,774	107,969	122,743
Sale of investments/distributions	(8)	(53,920)	(53,928)
Net realized gains (losses)	(14)	340	326
Changes in net unrealized gains (losses)	(327)	9,600	9,273
Cumulative translation adjustment	5,184	10,334	15,518
Transfer into Level III ⁽¹⁾	60	9,569	9,629
Transfer out of Level III ⁽¹⁾	—	(40,789)	(40,789)
Balance, End of Period	\$65,390	\$ 135,577	\$200,967
Change in net unrealized losses included in net gains from investment activities related to investments still held at reporting date	\$(341)	\$ —	\$(341)
Change in net unrealized gains included in net gains from investment activities of consolidated VIEs related to investments still held at reporting date	—	9,351	9,351

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Transfers between Level II and III were a result of subjecting the broker quotes on these financial assets to various (1) criteria which include the number and quality of broker quotes, the standard deviation of obtained broker quotes and the percentage deviation from independent pricing services.

The following tables summarize the changes in fair value in financial liabilities measured at fair value for which Level III inputs have been used to determine fair value:

	For the Three Months Ended September 30,			
	2018	2017		
	Liabilities			
	Contingent Consideration Obligations	of Consolidated VIEs & Apollo Funds	Contingent Consideration Obligations	Total
Balance, Beginning of Period	\$82,000	\$12,007	\$86,900	\$98,907
Payments	(4,383)	—	(6,776)	(6,776)
Changes in net unrealized losses ⁽¹⁾	83	409	7,176	7,585
Balance, End of Period	\$77,700	\$12,416	\$87,300	\$99,716
Change in net unrealized losses included in net gains from investment activities of consolidated VIEs related to liabilities still held at reporting date	\$—	\$409	\$—	\$409

(1) Changes in fair value of contingent consideration obligations are recorded in profit sharing expense in the condensed consolidated statements of operations.

	For the Nine Months Ended September 30,					
	2018			2017		
	Liabilities					
	Consolidated VIEs & Apollo Funds	Contingent Consideration Obligations	Total	Consolidated VIEs & Apollo Funds	Contingent Consideration Obligations	Total
Balance, Beginning of Period	\$12,620	\$92,600	\$105,220	\$11,055	\$106,282	\$117,337
Additions	—	—	—	97	—	97
Payments	(12,620)	(6,947)	(19,567)	(94)	(23,597)	(23,691)
Net realized gains	—	—	—	(10)	—	(10)
Changes in net unrealized (gains) losses ⁽¹⁾	—	(7,953)	(7,953)	1,368	4,615	5,983
Balance, End of Period	\$—	\$77,700	\$77,700	\$12,416	\$87,300	\$99,716
Change in net unrealized losses included in net gains from investment activities of consolidated VIEs related to liabilities still held at reporting date	\$—	\$—	\$—	\$1,361	\$—	\$1,361

(1) Changes in fair value of contingent consideration obligations are recorded in profit sharing expense in the condensed consolidated statements of operations.

The following tables summarize the quantitative inputs and assumptions used for financial assets and liabilities categorized as Level III under the fair value hierarchy:

As of September 30, 2018

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	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted Average
Financial Assets					
	\$8,179	Third Party Pricing	N/A	N/A	N/A
Other investments	54,509	Discounted cash flow	Discount rate	15.0% - 16.0%	15.5%
Investments of consolidated VIEs:					
		Book value multiple	Book value multiple	0.60x	0.60x
Equity securities	278,430	Discounted cash flow	Discount rate	12.9%	12.9%
Total Financial Assets	\$341,118				
Financial Liabilities					
Contingent consideration obligation	\$77,700	Discounted cash flow	Discount rate	17.3%	17.3%
Total Financial Liabilities	\$77,700				

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	As of December 31, 2017				
	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted Average
Financial Assets					
Other investments	\$20,641 15,060	Third party pricing Cost ⁽¹⁾	N/A N/A	N/A N/A	N/A N/A
Investments of consolidated VIEs:					
Corporate loans/bonds/CLO notes	6,824	Third party pricing	N/A	N/A	N/A
Equity securities	125,524	Book value multiple Discounted cash flow	Book value multiple Discount rate	0.71x 13.4%	0.71x 13.4%
Total investments of consolidated VIEs	132,348				
Total Financial Assets	\$168,049				
Financial Liabilities					
Liabilities of consolidated VIEs	\$12,620	Other	N/A	N/A	N/A
Contingent consideration obligation	92,600	Discounted cash flow	Discount rate	17.3%	17.3%
Total Financial Liabilities	\$105,220				

(1) The valuation technique used is cost as it approximates the fair value of the investment.

Fair Value Measurement of Investment in Athene Holding

As of September 30, 2018 the fair value of Apollo's Level I investment in Athene Holding was estimated using the closing market price of Athene Holding shares of \$51.66. As of September 30, 2018 and December 31, 2017 the fair value of Apollo's Level II investment in Athene Holding was estimated using the closing market price of Athene Holding shares of \$51.66 and \$51.71, respectively, less a discount due to a lack of marketability ("DLOM") of 2.5% and 4.0%, respectively, as applicable. The DLOM was derived based on the average remaining lock up restrictions on the shares of Athene Holding held by Apollo (2.3 months and 11.3 months as of September 30, 2018 and December 31, 2017, respectively) and the estimated volatility in such shares of Athene Holding. Due to the limited trading history in Athene Holding shares, the historical share price volatility of a representative set of Athene Holding's publicly traded insurance peers was calculated over a period equivalent to the remaining average lock up on the shares of Athene Holding held by Apollo and used as a proxy to estimate the projected volatility in Athene Holding's shares.

Apollo uses the closing market price of shares of Athene Holding, adjusted for a DLOM in order to reflect the post initial public offering ("IPO") sales restriction on such shares of Athene Holding, to value the opportunistic investment in Athene Holding. The DLOM is calculated based on the remaining length of such sales restrictions and the estimated market price volatility of the associated shares.

Discounted Cash Flow Model

When a discounted cash flow model is used to determine fair value, the significant input used in the valuation model is the discount rate applied to present value the projected cash flows. Increases in the discount rate can significantly lower the fair value of an investment and the contingent consideration obligations; conversely decreases in the discount rate can significantly increase the fair value of an investment and the contingent consideration obligations.

Consolidated VIEs

Investments

As of September 30, 2018 and December 31, 2017, the significant unobservable inputs used in the fair value measurement of the equity securities include the discount rate applied and the book value multiples applied in the

Explanation of Responses:

valuation models. These unobservable inputs in isolation can cause significant increases or decreases in fair value. The discount rate is determined based on the market rates an investor would expect for a similar investment with similar risks. When a comparable multiple model is used to determine fair value, the comparable multiples are generally multiplied by the underlying companies' earnings before interest, taxes, depreciation and amortization ("EBITDA") to establish the total enterprise value of the company. The comparable multiple is determined based on the implied trading multiple of public industry peers.

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Liabilities

As of September 30, 2018 and December 31, 2017, the debt obligations of the consolidated CLOs were measured on the basis of the fair value of the financial assets of the CLOs as the financial assets were determined to be more observable and, as a result, categorized as Level II in the fair value hierarchy.

Contingent Consideration Obligations

The significant unobservable input used in the fair value measurement of the contingent consideration obligations is the discount rate applied in the valuation models. This input in isolation can cause significant increases or decreases in fair value. The discount rate was based on the hypothetical cost of equity in connection with the acquisition of Stone Tower Capital, LLC (together with its related management companies, "Stone Tower"). See note 14 for further discussion of the contingent consideration obligations.

Valuation of Underlying Investments of Equity Method Investees

As discussed previously, the underlying entities that the Company manages and invests in are primarily investment companies which account for their investments at estimated fair value.

On a quarterly basis, Apollo utilizes valuation committees consisting of members from senior management, to review and approve the valuation results related to the investments of the funds it manages. For certain publicly traded vehicles managed by the Company, a review is performed by an independent board of directors. The Company also retains independent valuation firms to provide third-party valuation consulting services to Apollo, which consist of certain limited procedures that management identifies and requests them to perform. The limited procedures provided by the independent valuation firms assist management with validating their valuation results or determining fair value. The Company performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analyses. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Credit Investments

The majority of investments in Apollo's credit funds are valued based on quoted market prices and valuation models. Quoted market prices are valued based on the average of the "bid" and the "ask" quotes provided by multiple brokers wherever possible without any adjustments. Apollo will designate certain brokers to use to value specific securities. In order to determine the designated brokers, Apollo considers the following: (i) brokers with which Apollo has previously transacted, (ii) the underwriter of the security and (iii) active brokers indicating executable quotes. In addition, when valuing a security based on broker quotes wherever possible Apollo tests the standard deviation amongst the quotes received and the variance between the concluded fair value and the value provided by a pricing service. When broker quotes are not available Apollo considers the use of pricing service quotes or other sources to mark a position. When relying on a pricing service as a primary source, Apollo (i) analyzes how the price has moved over the measurement period, (ii) reviews the number of brokers included in the pricing service's population and (iii) validates the valuation levels with Apollo's pricing team and traders.

Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value utilizing a model based approach to determine fair value. Valuation approaches used to estimate the fair value of illiquid credit investments also may include the market approach and the income approach, as previously described above. The valuation approaches used consider, as applicable, market risks, credit risks, counterparty risks and foreign currency risks.

Private Equity Investments

The fair value of liquid investments in Apollo's private equity funds, where the primary market is an exchange (whether foreign or domestic) is determined using period end market prices. Such prices are generally based on the close price on the date of determination.

Valuation approaches used to estimate the fair value of investments in Apollo's private equity funds that are less liquid include the market approach and the income approach. The market approach provides an indication of fair value based on a comparison of the subject company to comparable publicly traded companies and transactions in the industry. The market approach is driven more by current market conditions, including actual trading levels of similar companies and, to the extent available, actual transaction data of similar companies. Judgment is required by management when assessing which companies are similar to the

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subject company being valued. Consideration may also be given to such factors as the Company's historical and projected financial data, valuations given to comparable companies, the size and scope of the Company's operations, the Company's strengths, weaknesses, expectations relating to the market's receptivity to an offering of the Company's securities, applicable restrictions on transfer, industry and market information and assumptions, general economic and market conditions and other factors deemed relevant. The income approach provides an indication of fair value based on the present value of cash flows that a business or security is expected to generate in the future. The most widely used methodology in the income approach is a discounted cash flow method. Inherent in the discounted cash flow method are assumptions of expected results, the determination of a terminal value and a calculated discount rate.

Real Assets Investments

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

Certain of the credit, private equity, and real assets funds may also enter into foreign currency exchange contracts, total return swap contracts, credit default swap contracts, and other derivative contracts, which may include options, caps, collars and floors. Foreign currency exchange contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. If securities are held at the end of the period, the changes in value are recorded in income as unrealized. Realized gains or losses are recognized when contracts are settled. Total return swap and credit default swap contracts are recorded at fair value as an asset or liability with changes in fair value recorded as unrealized appreciation or depreciation. Realized gains or losses are recognized at the termination of the contract based on the difference between the close-out price of the total return or credit default swap contract and the original contract price. Forward contracts are valued based on market rates obtained from counterparties or prices obtained from recognized financial data service providers.

7. OTHER ASSETS

Other assets consisted of the following:

	As of September 30, 2018	As of December 31, 2017
Fixed assets	\$ 106,254	\$ 102,694
Less: Accumulated depreciation and amortization	(86,957)	(83,510)
Fixed assets, net	19,297	19,184
Prepaid expenses	167,508	189,542
Tax receivables	8,845	9,236
Other	11,827	13,795
Total Other Assets	\$ 207,477	\$ 231,757

Prepaid expenses includes \$118.8 million and \$135.0 million as of September 30, 2018 and December 31, 2017, respectively, of deferred equity-based compensation related to the value of the equity-based awards that have been or are expected to be granted in connection with the settlement of certain profit sharing arrangements. A corresponding

amount for awards expected to be granted of \$96.0 million and \$124.3 million, as of September 30, 2018 and December 31, 2017, respectively, is included in other liabilities on the condensed consolidated statements of financial condition.

Depreciation expense was \$2.2 million and \$5.6 million for the three months ended September 30, 2018 and 2017, respectively, and \$6.4 million and \$10.0 million for the nine months ended September 30, 2018 and 2017, respectively, and is presented as a component of general, administrative and other expense in the condensed consolidated statements of operations.

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8. INCOME TAXES

The Company's income tax provision totaled \$19.1 million and \$16.5 million for the three months ended September 30, 2018 and 2017, respectively, and \$46.6 million and \$54.9 million for the nine months ended September 30, 2018 and 2017, respectively. The Company's effective tax rate was approximately 5.0% and 3.7% for the three months ended September 30, 2018 and 2017, respectively, and 10.5% and 5.3% for the nine months ended September 30, 2018 and 2017, respectively.

The Tax Cuts and Jobs Act (the "TCJA") was signed into law on December 22, 2017 and includes a broad range of tax reforms including a reduction in the corporate income tax rate to 21% from 35% effective January 1, 2018. In situations where the accounting for the income tax effects of the TCJA are incomplete by the time the company issues its financial statements (but the company can determine a reasonable estimate for those effects), the company can report provisional amounts that would be subject to adjustment during a measurement period until the accounting is complete. These amounts are subject to change as we obtain information necessary to complete the calculations. We will recognize any changes to the provisional amounts as we refine our estimates. We expect to complete our analysis of the provisional items during the second half of 2018. The effects of other provisions of the TCJA are not expected to have a material impact on our condensed consolidated financial statements.

Under U.S. GAAP, a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. Based upon the Company's review of its federal, state, local and foreign income tax returns and tax filing positions, the Company determined that no unrecognized tax benefits for uncertain tax positions were required to be recorded. In addition, the Company does not believe that it has any tax positions for which it is reasonably possible that it will be required to record significant amounts of unrecognized tax benefits within the next twelve months.

The Company's primary jurisdictions in which it operates are the United States, New York State, New York City, California and the United Kingdom. There are no unremitted earnings with respect to the United Kingdom and other foreign entities due to the flow-through nature of these entities.

In the normal course of business, the Company is subject to examination by federal and certain state, local and foreign tax authorities. With a few exceptions, as of September 30, 2018, the Company's U.S. federal, state, local and foreign income tax returns for the years 2014 through 2017 are open under the general statute of limitations provisions and therefore subject to examination. Currently, the Internal Revenue Service is examining the tax return of certain subsidiaries for the 2011 tax year. The State and City of New York are examining certain subsidiaries' tax returns for tax years 2011 to 2017.

The Company has recorded a deferred tax asset for the future amortization of tax basis intangibles as a result of the 2007 Reorganization. The Company recorded additional deferred tax assets as a result of the step-up in tax basis of intangibles from subsequent exchanges of AOG Units for Class A shares. A related tax receivable agreement liability is recorded in due to related parties in the condensed consolidated statements of financial condition for the expected payments under the tax receivable agreement entered into by and among APO Corp., the Managing Partners, the Contributing Partners, and other parties thereto (as amended, the "tax receivable agreement") (see note 13). The benefit the Company obtains from the difference in the tax asset recognized and the related liability results in an increase to additional paid in capital. The amortization period for these tax basis intangibles is 15 years and the deferred tax assets will reverse over the same period.

The table below presents the impact to the deferred tax asset, tax receivable agreement liability and additional paid in capital related to the exchange of AOG Units for Class A shares.

Exchange of AOG Units for Class A shares	Increase in Deferred	Increase in Tax Receivable	Increase to Additional Paid In
---------------------------------------------	----------------------------	----------------------------------	--------------------------------------

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	Tax Asset	Agreement Liability	Capital
For the Nine Months Ended September 30, 2018	\$ 47,011	\$ 39,605	\$ 7,406
For the Nine Months Ended September 30, 2017	\$ 46,539	\$ 35,946	\$ 10,593

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9. DEBT

Debt consisted of the following:

	As of September 30, 2018			As of December 31, 2017		
	Outstanding Balance	Fair Value	Annualized Weighted Average Interest Rate	Outstanding Balance	Fair Value	Annualized Weighted Average Interest Rate
2013 AMH Credit Facilities - Term Facility ⁽¹⁾	\$—	\$—	N/A	\$299,655	\$298,875	⁽³⁾ 2.33 %
2024 Senior Notes ⁽¹⁾	496,348	493,988	⁽⁴⁾ 4.00 %	495,860	511,096	⁽⁴⁾ 4.00
2026 Senior Notes ⁽¹⁾	496,063	496,108	⁽⁴⁾ 4.40	495,678	525,273	⁽⁴⁾ 4.40
2048 Senior Notes ⁽¹⁾	296,355	292,411	⁽⁴⁾ 5.00	—	—	—
2014 AMI Term Facility I ⁽²⁾	15,824	15,849	⁽³⁾ 2.00	16,399	16,482	⁽³⁾ 2.00
2014 AMI Term Facility II ⁽²⁾	17,872	17,894	⁽³⁾ 1.75	18,548	18,605	⁽³⁾ 1.75
2016 AMI Term Facility I ⁽²⁾	19,636	19,665	⁽³⁾ 1.33	20,372	20,372	⁽³⁾ 1.75
2016 AMI Term Facility II ⁽²⁾	18,926	18,925	⁽³⁾ 1.82	15,890	15,931	⁽³⁾ 2.00
Total Debt	\$1,361,024	\$1,354,840		\$1,362,402	\$1,406,634	

(1) Includes amortization of note discount, as applicable. Outstanding balance is presented net of unamortized debt issuance costs:

	As of September 30, 2018	As of December 31, 2017
2013 AMH Credit Facilities - Term Facility	\$ —	—\$ 345
2024 Senior Notes	3,084	3,498
2026 Senior Notes	3,600	3,951
2048 Senior Notes	3,326	—

Apollo Management International LLP (“AMI”), a subsidiary of the Company, entered into five year credit (2) agreements (collectively referred to as the “AMI Facilities”) to fund the Company’s investment in certain European CLOs it manages.

Facility	Date	Loan Amount
2014 AMI Term Facility I	July 3, 2014	€3,636
2014 AMI Term Facility II	December 9, 2014	€5,400
2016 AMI Term Facility I	January 18, 2016	€6,945
2016 AMI Term Facility II	June 22, 2016	€6,308

Fair value is based on obtained broker quotes. These notes are classified as a Level III liability within the fair value (3) hierarchy based on the number and quality of broker quotes obtained, the standard deviations of the observed broker quotes and the percentage deviation from independent pricing services. For instances where broker quotes are not available, a discounted cash flow method is used to obtain a fair value.

Fair value is based on obtained broker quotes. These notes are classified as a Level II liability within the fair value (4) hierarchy based on the number and quality of broker quotes obtained, the standard deviations of the observed broker quotes and the percentage deviation from independent pricing services.

2013 AMH Credit Facilities—On December 18, 2013, AMH and its subsidiaries and certain other subsidiaries of the Company (collectively, the “Borrowers”) entered into credit facilities (the “2013 AMH Credit Facilities”) with the lenders

and issuing banks party thereto and JPMorgan Chase Bank, N.A., as administrative agent for the lenders. The 2013 AMH Credit Facilities provided for (i) a term loan facility to AMH (the “Term Facility”) that included \$750 million of term loan from third-party lenders and \$271.7 million of term loan held by a subsidiary of the Company and (ii) a \$500 million revolving credit facility (the “Revolver Facility”), in each case, with an original maturity date of January 18, 2019. On March 11, 2016, the maturity date of both the Term Facility and the Revolver Facility was extended by two years to January 18, 2021. The extension was determined to be a modification of the 2013 AMH Credit Facilities in accordance with U.S. GAAP.

In connection with the issuance of the 2024 Senior Notes, the 2026 Senior Notes and the 2048 Senior Notes (as described below), \$250 million, \$200 million and \$300 million of the proceeds, respectively, were used to repay the entire remaining

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amount of both the term loan from third-party lenders and the term loan held by a subsidiary of the Company as of March 15, 2018. The Revolver Facility was replaced as of July 11, 2018 by the 2018 AMH Credit Facility, as described below. The 2013 AMH Credit Facilities and all related loan documents were terminated as of July 11, 2018. 2018 AMH Credit Facility—On July 11, 2018, AMH as borrower (the “Borrower”) entered into a new credit agreement (the “2018 AMH Credit Facility”) with the lenders and issuing banks party thereto and Citibank, N.A., as administrative agent for the lenders. The 2018 AMH Credit Facility provides for a \$750 million revolving credit facility to the Borrower with a final maturity date of July 11, 2023. The 2018 AMH Credit Facility is to remain available until its maturity, and any undrawn revolving commitments bear a commitment fee. The interest rate on the 2018 AMH Credit Facility is based on adjusted LIBOR and the applicable margin as of September 30, 2018 was 1.00%. The commitment fee on the \$750 million undrawn 2018 AMH Credit Facility as of September 30, 2018 was 0.09%. Borrowings under the 2018 AMH Credit Facility may be used for working capital and general corporate purposes, including, without limitation, permitted acquisitions. The Borrower may incur incremental facilities in respect of the 2018 AMH Credit Facility in an aggregate amount not to exceed \$250 million plus additional amounts so long as the Borrower is in compliance with a net leverage ratio not to exceed 4.00 to 1.00. As of September 30, 2018, the 2018 AMH Credit Facility was undrawn.

2024 Senior Notes—On May 30, 2014, AMH issued \$500 million in aggregate principal amount of its 4.000% Senior Notes due 2024 (the “2024 Senior Notes”), at an issue price of 99.722% of par. Interest on the 2024 Senior Notes is payable semi-annually in arrears on May 30 and November 30 of each year. The 2024 Senior Notes will mature on May 30, 2024. The discount is amortized into interest expense on the condensed consolidated statements of operations over the term of the 2024 Senior Notes. The face amount of \$500 million related to the 2024 Senior Notes is the amount for which the Company is obligated to settle the 2024 Senior Notes.

2026 Senior Notes—On May 27, 2016, AMH issued \$500 million in aggregate principal amount of its 4.400% Senior Notes due 2026 (the “2026 Senior Notes”), at an issue price of 99.912% of par. Interest on the 2026 Senior Notes is payable semi-annually in arrears on May 27 and November 27 of each year. The 2026 Senior Notes will mature on May 27, 2026. The discount is amortized into interest expense on the condensed consolidated statements of operations over the term of the 2026 Senior Notes. The face amount of \$500 million related to the 2026 Senior Notes is the amount for which the Company is obligated to settle the 2026 Senior Notes.

2048 Senior Notes—On March 15, 2018, AMH issued \$300 million in aggregate principal amount of its 5.000% Senior Notes due 2048 (the “2048 Senior Notes”), at an issue price of 99.892% of par. Interest on the 2048 Senior Notes is payable semi-annually in arrears on March 15 and September 15 of each year. The 2048 Senior Notes will mature on March 15, 2048. The discount is amortized into interest expense on the condensed consolidated statements of operations over the term of the 2048 Senior Notes. The face amount of \$300 million related to the 2048 Senior Notes is the amount for which the Company is obligated to settle the 2048 Senior Notes.

As of September 30, 2018, the indentures governing the 2024 Senior Notes, the 2026 Senior Notes and the 2048 Senior Notes (the “Indentures”) include covenants that restrict the ability of AMH and, as applicable, the guarantors of the notes under the Indentures to incur indebtedness secured by liens on voting stock or profit participating equity interests of their respective subsidiaries or merge, consolidate or sell, transfer or lease assets. The Indentures also provide for customary events of default.

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The following table presents the interest expense incurred related to the Company's debt:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Interest Expense: ⁽¹⁾				
2013 AMH Credit Facilities	\$80	\$2,150	\$2,324	\$6,109
2018 AMH Credit Facility	232	—	232	—
2024 Senior Notes	5,163	5,163	15,489	15,489
2026 Senior Notes	5,629	5,628	16,885	16,885
2048 Senior Notes	3,783	—	8,228	—
AMI Term Facilities	322	362	1,010	1,014
Total Interest Expense	\$15,209	\$13,303	\$44,168	\$39,497

Debt issuance costs incurred in connection with the 2013 AMH Credit Facilities, the 2018 AMH Credit Facility, (1) the 2024 Senior Notes, the 2026 Senior Notes and the 2048 Senior Notes are amortized into interest expense over the term of the debt arrangement.

10. NET INCOME PER CLASS A SHARE

The table below presents basic and diluted net income per Class A share using the two-class method:

	Basic and Diluted			
	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Numerator:				
Net income attributable to Apollo Global Management, LLC Class A Shareholders	\$162,357	\$198,569	\$154,370	\$430,673
Distributions declared on Class A shares ⁽¹⁾	(86,468)	(100,641)	(296,093)	(279,307)
Distributions on participating securities ⁽²⁾	(4,150)	(3,265)	(13,687)	(9,419)
Earnings allocable to participating securities	(3,633)	(3,218)	— ⁽³⁾	(5,129)
Undistributed income (loss) attributable to Class A shareholders: Basic and Diluted	\$68,106	\$91,445	\$(155,410)	\$136,818
Denominator:				
Weighted average number of Class A shares outstanding: Basic and Diluted	200,347,996	192,882,082	199,837,707	190,014,240
Net Income per Class A Share: Basic and Diluted ⁽⁴⁾				
Distributed Income	\$0.43	\$0.52	\$1.47	\$1.46
Undistributed Income (Loss)	0.34	0.48	(0.77)	0.73
Net Income per Class A Share: Basic and Diluted	\$0.77	\$1.00	\$0.70	\$2.19

(1) See note 12 for information regarding the quarterly distributions declared and paid during 2018 and 2017.

(2) Participating securities consist of vested and unvested RSUs that have rights to distributions and unvested restricted shares.

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

(4) For the three and nine months ended September 30, 2018 and 2017, all of the classes of securities were determined to be anti-dilutive.

The Company has granted RSUs that provide the right to receive, subject to vesting during continued employment, Class A shares pursuant to the Company's 2007 Omnibus Equity Incentive Plan (the "2007 Equity Plan"). The Company has three types of RSU grants, which we refer to as Plan Grants, Bonus Grants and Performance Grants. "Plan Grants" vest over time (generally up to six years) and may or may not provide the right to receive distribution equivalents on vested RSUs on an equal basis with the Class A shareholders any time a distribution is declared. "Bonus Grants" vest over time (generally three years) and generally provide the right to receive distribution equivalents on both vested and unvested RSUs on an equal basis with the Class A shareholders any time a distribution is declared. "Performance Grants" vest over time (three to five years), subject to the

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availability of sufficient net performance revenues in accordance with the applicable RSU award agreement. Performance Grants provide the right to receive distribution equivalents on vested RSUs and may also provide the right to receive distribution equivalents on unvested RSUs.

Any distribution equivalent paid to an employee will not be returned to the Company upon forfeiture of the award by the employee. Vested and unvested RSUs that are entitled to non-forfeitable distribution equivalents qualify as participating securities and are included in the Company's basic and diluted earnings per share computations using the two-class method. The holder of an RSU participating security would have a contractual obligation to share in the losses of the entity if the holder is obligated to fund the losses of the issuing entity or if the contractual principal or mandatory redemption amount of the participating security is reduced as a result of losses incurred by the issuing entity. The RSU participating securities do not have a mandatory redemption amount and the holders of the participating securities are not obligated to fund losses, therefore, neither the vested RSUs nor the unvested RSUs are subject to any contractual obligation to share in losses of the Company.

Holders of AOG Units are subject to the transfer restrictions set forth in the agreements with the respective holders and may, a limited number of times each year, upon notice (subject to the terms of the Exchange Agreement), exchange their AOG Units for Class A shares on a one-for-one basis. An AOG Unit holder must exchange one unit in each of the Apollo Operating Group partnerships to effectuate an exchange for one Class A share.

Apollo Global Management, LLC has one Class B share outstanding, which is held by BRH Holdings GP, Ltd. ("BRH"). The voting power of the Class B share is reduced on a one vote per one AOG Unit basis in the event of an exchange of AOG Units for Class A shares, as discussed above. The Class B share has no net income (loss) per share as it does not participate in Apollo's earnings (losses) or distributions. The Class B share has no distribution or liquidation rights. The Class B share has voting rights on a pari passu basis with the Class A shares. The Class B share represented 52.5% and 54.3% of the total voting power of the Company's shares entitled to vote as of September 30, 2018 and 2017, respectively.

The following table summarizes the anti-dilutive securities.

	For the Three Months		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2018	2017	2018	2017
Weighted average vested RSUs	155,287	210,642	477,503	554,881
Weighted average unvested RSUs	9,592,835	6,196,601	8,593,350	6,334,220
Weighted average unexercised options	204,167	210,420	204,167	214,587
Weighted average AOG Units outstanding	202,552,808	209,522,593	203,222,170	212,224,998
Weighted average unvested restricted shares	940,060	400,606	827,576	240,411

11. EQUITY-BASED COMPENSATION

Equity-based awards granted to employees and non-employees as compensation are measured based on the grant date fair value of the award. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately. Equity-based employee awards that require future service are expensed over the relevant service period. Equity-based awards that require performance metrics to be met are only expensed when the performance metric is met or deemed probable.

RSUs

The Company grants RSUs under the 2007 Equity Plan. The fair value of all grants is based on the grant date fair value, which considers the public share price of the Company's Class A shares subject to certain discounts, as applicable. The following table summarizes the weighted average discounts for Plan Grants, Bonus Grants and Performance Grants.

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	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Plan Grants:				
Discount for the lack of distributions until vested ⁽¹⁾	5.4%	12.9%	12.2%	12.0%
Marketability discount for transfer restrictions ⁽²⁾	5.2%	4.0%	4.8%	3.5%
Bonus Grants:				
Marketability discount for transfer restrictions ⁽²⁾	2.5%	2.3%	2.3%	2.3%
Performance Grants:				
Marketability discount for transfer restrictions ⁽²⁾	5.8%	N/A	5.6%	N/A

(1)Based on the present value of a growing annuity calculation.

(2)Based on the Finnerty Model calculation.

The estimated total grant date fair value for Plan Grants and Bonus Grants is charged to compensation expense on a straight-line basis over the vesting period, which for Plan Grants is generally up to six years, with the first installment vesting one year after grant and quarterly vesting thereafter, and for Bonus Grants is generally annual vesting over three years.

During the nine months ended September 30, 2018, the Company awarded Performance Grants of 4.5 million RSUs to certain employees with a grant date fair value of \$144.7 million, which vest over time (generally 3-5 years) subject to the availability of sufficient net performance revenues in accordance with the applicable RSU award agreement. In accordance with U.S. GAAP, equity-based compensation expense for such Performance Grants is recognized on an accelerated recognition method over the requisite service period to the extent the performance metrics are met or deemed probable. Accordingly, for the three and nine months ended September 30, 2018, equity-based compensation expense of \$19.3 million and \$46.2 million, respectively, was recognized relating to these Performance Grants. The fair value of all RSU grants made during the nine months ended September 30, 2018 and 2017 was \$227.1 million and \$32.3 million, respectively.

The following table presents the forfeiture rate and equity-based compensation expense recognized:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Actual forfeiture rate	0.7%	2.3%	8.0%	9.3%
Equity-based compensation	\$37,166	\$17,106	\$99,544	\$50,807

The following table summarizes RSU activity:

	Unvested	Weighted Average Grant Date Fair Value	Vested	Total Number of RSUs Outstanding
Balance at January 1, 2018	6,262,288	\$ 15.58	2,802,277	9,064,565 ⁽¹⁾
Granted	6,950,110	32.68	—	6,950,110
Forfeited	(1,057,238)	17.21	—	(1,057,238)
Vested	(1,007,413)	19.64	1,007,413	—

Explanation of Responses:

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Issued	—	18.54	(3,581,681)	(3,581,681)
Balance at September 30, 2018	11,147,747	(2)\$ 25.72	228,009	11,375,756	(1)

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

(2) RSUs were expected to vest over the weighted average period of 2.9 years.

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Restricted Share Awards

The Company has granted restricted share awards under the 2007 Equity Plan primarily in connection with certain profit sharing arrangements. The fair value of restricted share grants is the public share price of the Company's Class A shares on the grant date. The grant date fair value of these awards is recognized as equity-based compensation expense on a straight-line basis over the vesting period.

The fair value of restricted share award grants made during the nine months ended September 30, 2018 and 2017 was \$22.6 million and \$11.5 million, respectively.

The following table presents the equity-based compensation expense recognized:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Equity-based compensation	\$4,031	\$1,326	\$9,569	\$3,662

Restricted Share Awards—Athene Holding

The Company has granted Athene Holding restricted share awards to certain employees of the Company. Separately, Athene Holding has also granted restricted share awards to certain employees of the Company. Both awards are collectively referred to as the "AHL Awards". Certain of the AHL Awards function similarly to options as they are exchangeable for Class A shares of Athene Holding upon payment of a conversion price and the satisfaction of certain other conditions. The awards granted are either subject to time-based vesting conditions that generally vest over three to five years or vest upon achieving certain metrics, such as attainment of certain rates of return and realized cash received by certain investors in Athene Holding upon sale of their shares.

The Company records the AHL Awards in other assets and other liabilities in the condensed consolidated statements of financial condition. The fair value of the asset is amortized through equity-based compensation over the vesting period. The fair value of the liability is remeasured each period, with any changes in fair value recorded in compensation expense in the condensed consolidated statements of operations. For AHL Awards granted by Athene Holding, compensation expense related to amortization of the asset is offset, with certain exceptions, by related management fees earned by the Company from Athene.

The grant date fair value of the AHL Awards is based on the share price of Athene Holding, less discounts for transfer restrictions. The AHL Awards that function similarly to options were valued using a multiple-scenario model, which considers the price volatility of the underlying share price of Athene Holding, time to expiration and the risk-free rate, while the other awards were valued using the share price of Athene Holding less any discounts for transfer restrictions.

The following table summarizes the management fees, equity-based compensation expense and actual forfeiture rates for the AHL Awards:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Management fees	\$1,872	\$2,393	\$(14)	\$4,531
Equity-based compensation	3,349	3,528	1,075	6,983
Actual forfeiture rate	—	% —	% 3.6	% —

Equity-Based Compensation Allocation

Equity-based compensation is allocated based on ownership interests. Therefore, the amortization of equity-based compensation is allocated to shareholders' equity attributable to AGM and the Non-Controlling Interests, which results in a difference in the amounts charged to equity-based compensation expense and the amounts credited to

shareholders' equity attributable to AGM in the Company's condensed consolidated financial statements.

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Below is a reconciliation of the equity-based compensation allocated to Apollo Global Management, LLC:

For the Nine Months Ended September 30, 2018

	Total Amount	Non-Controlling Interest % in Apollo Operating Group	Allocated to Non-Controlling Interest in Apollo Operating Group ⁽¹⁾	Allocated to Apollo Global Management, LLC
RSUs, share options and restricted share awards	\$ 108,719	— %	\$ —	\$ 108,719
AHL Awards	1,075	50.2	539	536
Other equity-based compensation awards	13,849	50.2	6,950	6,899
Total equity-based compensation	\$ 123,643		7,489	116,154
Less other equity-based compensation awards ⁽²⁾			(7,489)	(21,916)
Capital increase related to equity-based compensation			\$ —	\$ 94,238

For the Nine Months Ended September 30, 2017

	Total Amount	Non-Controlling Interest % in Apollo Operating Group	Allocated to Non-Controlling Interest in Apollo Operating Group ⁽¹⁾	Allocated to Apollo Global Management, LLC
RSUs, share options and restricted share awards	\$ 54,901	— %	\$ —	\$ 54,901
AHL Awards	6,983	51.9	3,624	3,359
Other equity-based compensation awards	8,448	51.9	4,385	4,063
Total equity-based compensation	\$ 70,332		8,009	62,323
Less other equity-based compensation awards ⁽²⁾			(8,009)	(9,881)
Capital increase related to equity-based compensation			\$ —	\$ 52,442

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

(2) Includes equity-based compensation reimbursable by certain funds.

12. EQUITY

Class A Shares

Class A shares represent limited liability company interests in the Company. Holders of Class A shares are entitled to participate in distributions from the Company on a pro rata basis. Class A shareholders do not elect the Company's manager or the manager's executive committee and have limited voting rights.

During the three and nine months ended September 30, 2018 and 2017, the Company issued Class A shares in settlement of vested RSUs. The Company has generally allowed holders of vested RSUs and exercised share options to settle their tax liabilities by reducing the number of Class A shares issued to them, which the Company refers to as "net share settlement." Additionally, the Company has generally allowed holders of share options to settle their exercise price by reducing the number of Class A shares issued to them at the time of exercise by an amount sufficient to cover the exercise price. The net share settlement results in a liability for the Company and a corresponding accumulated deficit adjustment.

In February 2016, Apollo announced its adoption of a program to repurchase up to \$250 million in the aggregate of its Class A shares, including up to \$150 million in the aggregate of its outstanding Class A shares through a share repurchase program and up to \$100 million through net share settlement of equity-based awards granted under the

2007 Equity Plan. The Company intends to continue the net share settlement program in excess of the \$100 million pursuant to the repurchase plan adopted in February 2016.

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The table below summarizes the issuance of Class A shares for equity-based awards:

	For the Nine Months Ended September 30,	
	2018	2017
Class A shares issued in settlement of vested RSUs and share options exercised ⁽¹⁾	3,587,931	3,293,798
Reduction of Class A shares issued ⁽²⁾	(1,201,328)	(1,196,549)
Class A shares purchased related to share issuances and forfeitures ⁽³⁾	(183,969)	(860)
Issuance of Class A shares for equity-based awards	2,202,634	2,096,389

(1) The gross value of shares issued was \$120.6 million and \$76.8 million for the nine months ended September 30, 2018 and 2017, respectively, based on the closing price of a Class A share at the time of issuance.

(2) Cash paid for tax liabilities associated with net share settlement was \$40.3 million and \$28.0 million for the nine months ended September 30, 2018 and 2017, respectively.

Certain Apollo employees receive a portion of the profit sharing proceeds of certain funds in the form of (a) restricted Class A shares of AGM that they are required to purchase with such proceeds or (b) RSUs, in each case which equity-based awards generally vest over three years. These equity-based awards are granted under the Company's 2007 Equity Plan. To prevent dilution on account of these awards, Apollo may, in its discretion, (3) repurchase Class A shares on the open market and retire them. During the nine months ended September 30, 2018 and 2017, we issued 673,326 and 413,850 of such restricted shares and 75,636 and zero of such RSUs under the 2007 Equity Plan, respectively, and repurchased 830,438 and 413,850 Class A shares in open-market transactions not pursuant to a publicly-announced repurchase plan or program, respectively. In addition, there were 26,857 and 860 restricted shares forfeited during the nine months ended September 30, 2018 and 2017, respectively.

Additionally, during the nine months ended September 30, 2018 and 2017, 1,571,438 and 233,248 Class A shares were repurchased as part of the publicly announced share repurchase program adopted in February 2016, respectively. Cash paid for these open market share repurchases and cancellations was \$54.3 million and \$6.9 million for the nine months ended September 30, 2018 and 2017, respectively.

Preferred Share Issuance

On March 7, 2017, Apollo issued 11,000,000 6.375% Series A Preferred shares (the "Series A Preferred shares") for gross proceeds of \$275.0 million, or \$264.4 million net of issuance costs and on March 19, 2018, Apollo issued 12,000,000 6.375% Series B Preferred shares (the "Series B Preferred shares" and collectively with the Series A Preferred shares, the "Preferred shares") for gross proceeds of \$300.0 million or \$289.8 million net of issuance costs. When, as and if declared by the manager of Apollo, distributions on the Preferred shares will be payable quarterly on March 15, June 15, September 15 and December 15 of each year, beginning on June 15, 2018 for the Series B Preferred shares, at a rate per annum equal to 6.375%. Distributions on the Preferred shares are discretionary and non-cumulative.

Subject to certain exceptions, unless distributions have been declared and paid or declared and set apart for payment on the Preferred shares for a quarterly distribution period, during the remainder of that distribution period Apollo may not declare or pay or set apart payment for distributions on any Class A shares or any other equity securities that the Company may issue in the future ranking as to the payment of distributions, junior to the Preferred shares ("Junior Shares") and Apollo may not repurchase any Junior Shares. These restrictions are not applicable during the initial distribution period, which is the period from March 19, 2018 to but excluding June 15, 2018 for the Series B Preferred shares.

The Series A Preferred shares and the Series B Preferred shares may be redeemed at Apollo's option, in whole or in part, at any time on or after March 15, 2022 and March 15, 2023, respectively, at a price of \$25.00 per Preferred share, plus declared and unpaid distributions to, but excluding, the redemption date, without payment of any undeclared distributions. Holders of the Preferred shares will have no right to require the redemption of the Preferred shares and

there is no maturity date.

If a certain change of control event or a certain tax redemption event occurs prior to March 15, 2022 and March 15, 2023 for Series A Preferred shares and the Series B Preferred shares, respectively, the Preferred shares may be redeemed at Apollo's option, in whole but not in part, upon at least 30 days' notice, within 60 days of the occurrence of such change of control event or such tax redemption event, as applicable, at a price of \$25.25 per Preferred share, plus declared and unpaid distributions to, but excluding, the redemption date, without payment of any undeclared distributions. If a certain rating agency event occurs prior to March 15, 2023, the Series B Preferred shares may be redeemed at Apollo's option, in whole but not in part, upon at least 30 days' notice, within 60 days of the occurrence of such rating agency event, at a price of \$25.50 per Series B Preferred share, plus declared

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and unpaid distributions to, but excluding, the redemption date, without payment of any undeclared distributions. If (i) a change of control event occurs (whether before, on or after March 15, 2022 and March 15, 2023 for the Series A Preferred shares and the Series B Preferred shares, respectively) and (ii) Apollo does not give notice prior to the 31st day following the change of control event to redeem all the outstanding Preferred shares, the distribution rate per annum on the Preferred shares will increase by 5.00%, beginning on the 31st day following such change of control event.

The Preferred shares are not convertible into Class A shares and have no voting rights, except in limited circumstances as provided in the Company's limited liability company agreement. In connection with the issuance of the Preferred shares, certain Apollo Operating Group entities issued for the benefit of Apollo a series of preferred units with economic terms that mirror those of the Preferred shares.

The table below summarizes the distributions on the Preferred shares:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Series A Preferred Shares total distribution	\$4,383	\$4,383	\$13,149	\$9,155
Series B Preferred Shares total distribution	4,781	—	9,350	—

Distributions

The table below presents information regarding the quarterly distributions on Class A shares which were made at the sole discretion of the manager of the Company (in millions, except per share data). Certain subsidiaries of AGM may be subject to U.S. federal, state, local and non-U.S. income taxes at the entity level and may pay taxes and/or make payments under the tax receivable agreement in a given fiscal year; therefore, the net amounts ultimately distributed by AGM to its Class A shareholders in respect of each fiscal year are generally expected to be less than the net amounts distributed to AOG Unitholders.

Distribution Declaration Date	Distribution per Class A Share	Distribution Payment Date	Distribution to Class A Shareholders	Distribution to Non-Controlling Interest Holders in the Apollo Operating Group	Total Distributions from Apollo Operating Group	Distribution Equivalents on Participating Securities
February 3, 2017	\$ 0.45	February 28, 2017	\$ 84.2	\$ 97.0	\$ 181.2	\$ 2.9
April 13, 2017	—	April 13, 2017	—	20.5	(1) 20.5	—
April 28, 2017	0.49	May 31, 2017	94.5	102.9	197.4	3.3
August 2, 2017	0.52	August 31, 2017	100.6	108.8	209.4	3.2
November 1, 2017	0.39	November 30, 2017	75.6	81.6	157.2	2.4
For the year ended December 31, 2017	\$ 1.85		\$ 354.9	\$ 410.8	\$ 765.7	\$ 11.8
February 1, 2018	\$ 0.66	February 28, 2018	\$ 133.0	\$ 133.7	\$ 266.7	\$ 5.4
April 12, 2018	—	April 12, 2018	—	50.5	(1) 50.5	—
May 03, 2018	0.38	May 31, 2018	76.6	77.0	153.6	4.1
August 2, 2018	0.43	August 31, 2018	86.5	87.1	173.6	4.2
For the nine months ended September 30, 2018	\$ 1.47		\$ 296.1	\$ 348.3	\$ 644.4	\$ 13.7

(1)

Explanation of Responses:

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On April 13, 2017 and April 12, 2018, the Company made a \$0.10 and \$0.25 per AOG Unit pro rata distribution, respectively, to the Non-Controlling Interest holders in the Apollo Operating Group, in connection with taxes and payments made under the tax receivable agreement. See note 13 for more information regarding the tax receivable agreement.

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Non-Controlling Interests

The table below presents equity interests in Apollo's consolidated, but not wholly-owned, subsidiaries and funds. Net income and comprehensive income attributable to Non-Controlling Interests consisted of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income attributable to Non-Controlling Interests in consolidated entities:				
Interest in management companies and a co-investment vehicle ⁽¹⁾	\$ 1,067	\$ 1,637	\$ 4,176	\$ 3,264
Other consolidated entities	10,273	(589)	21,859	5,703
Net income attributable to Non-Controlling Interests in consolidated entities	\$ 11,340	\$ 1,048	\$ 26,035	\$ 8,967
Net income attributable to Non-Controlling Interests in the Apollo Operating Group:				
Net income	\$ 362,692	\$ 434,363	\$ 397,154	\$ 982,335
Net income attributable to Non-Controlling Interests in consolidated entities	(11,340)	(1,048)	(26,035)	(8,967)
Net income after Non-Controlling Interests in consolidated entities	351,352	433,315	371,119	973,368
Adjustments:				
Income tax provision ⁽²⁾	19,092	16,542	46,596	54,926
NYC UBT and foreign tax benefit ⁽³⁾	(2,776)	(2,595)	(6,963)	(7,014)
Net loss in non-Apollo Operating Group entities	35	16	310	18
Net income attributable to Series A Preferred Shareholders	(4,383)	(4,383)	(13,149)	(9,155)
Net income attributable to Series B Preferred Shareholders	(4,781)	—	(9,350)	—
Total adjustments	7,187	9,580	17,444	38,775
Net income after adjustments	358,539	442,895	388,563	1,012,143
Weighted average ownership percentage of Apollo Operating Group	50.2	% 52.0	% 50.3	% 52.7
Net income attributable to Non-Controlling Interests in Apollo Operating Group	\$ 179,831	\$ 230,363	\$ 194,250	\$ 533,540
Net Income attributable to Non-Controlling Interests	\$ 191,171	\$ 231,411	\$ 220,285	\$ 542,507
Other comprehensive income (loss) attributable to Non-Controlling Interests	(2,130)	4,999	(13,859)	8,188
Comprehensive Income Attributable to Non-Controlling Interests	\$ 189,041	\$ 236,410	\$ 206,426	\$ 550,695

(1) Reflects the remaining interest held by certain individuals who receive an allocation of income from certain of the credit funds managed by Apollo.

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

(3) Reflects New York City Unincorporated Business Tax ("NYC UBT") and foreign taxes that are attributable to the Apollo Operating Group and its subsidiaries related to its operations in the U.S. as partnerships and in non-U.S. jurisdictions as corporations. As such, these amounts are considered in the income attributable to the Apollo

Operating Group.

13. RELATED PARTY TRANSACTIONS AND INTERESTS IN CONSOLIDATED ENTITIES

Management fees, transaction and advisory fees and reimbursable expenses from the funds the Company manages and their portfolio companies are included in due from related parties in the condensed consolidated statements of financial condition. The Company also typically facilitates the payment of certain operating costs incurred by the funds that it manages as well as their related parties. These costs are normally reimbursed by such funds and are included in due from related parties. Due from related parties and due to related parties are comprised of the following:

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	As of September 30, 2018	As of December 31, 2017
Due from Related Parties:		
Due from credit funds	\$ 172,170	\$ 128,198
Due from private equity funds	23,082	18,120
Due from real assets funds	27,859	20,105
Due from portfolio companies	47,289	37,366
Due from Contributing Partners, employees and former employees	65,378	58,799
Total Due from Related Parties	\$ 335,778	\$ 262,588
Due to Related Parties:		
Due to Managing Partners and Contributing Partners	\$ 322,718	\$ 333,379
Due to credit funds	42,191	63,491
Due to private equity funds	47,357	30,848
Due to real assets funds	392	283
Distributions payable to employees	204	12
Total Due to Related Parties	\$ 412,862	\$ 428,013

Tax Receivable Agreement and Other

Subject to certain restrictions, each of the Managing Partners and Contributing Partners has the right to exchange their vested AOG Units for the Company's Class A shares. Certain Apollo Operating Group entities have made an election under Section 754 of the U.S. Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), which will result in an adjustment to the tax basis of the assets owned by the Apollo Operating Group at the time of the exchange. These exchanges will result in increases in tax deductions that will reduce the amount of tax that APO Corp. will otherwise be required to pay in the future.

The tax receivable agreement provides for the payment to the Managing Partners and Contributing Partners of 85% of the amount of cash savings, if any, in U.S. federal, state, local and foreign income taxes that APO Corp. would realize as a result of the increases in tax basis of assets that resulted from the 2007 Reorganization and exchanges of AOG Units for Class A shares. APO Corp. retains the benefit from the remaining 15% of actual cash tax savings. If the Company does not make the required annual payment on a timely basis as outlined in the tax receivable agreement, interest is accrued on the balance until the payment date. These payments are expected to occur approximately over the next 15 years.

As a result of the exchanges of AOG Units for Class A shares during the nine months ended September 30, 2018 and 2017, a \$39.6 million and \$35.9 million liability was recorded, respectively, to estimate the amount of the future expected payments to be made by APO Corp. to the Managing Partners and Contributing Partners pursuant to the tax receivable agreement.

In April 2018, Apollo made a \$50.3 million cash payment pursuant to the tax receivable agreement resulting from the realized tax benefit for the 2017 tax year. Additionally, in connection with this payment, the Company made a corresponding pro rata distribution of \$50.5 million (\$0.25 per AOG Unit) to the Non-Controlling Interest holders in the Apollo Operating Group. In April 2017, Apollo made a \$17.9 million cash payment pursuant to the tax receivable agreement resulting from the realized tax benefit for the 2016 tax year. Additionally, in connection with this payment, the Company made a corresponding pro rata distribution of \$20.5 million (\$0.10 per AOG Unit) to the Non-Controlling Interest holders in the Apollo Operating Group.

Due from Contributing Partners, Employees and Former Employees

As of September 30, 2018 and December 31, 2017, due from Contributing Partners, Employees and Former Employees includes various amounts due to the Company including employee loans and return of profit sharing

Explanation of Responses:

distributions. As of September 30, 2018 and December 31, 2017, the balance included interest-bearing employee loans receivable of \$16.7 million and \$15.3 million, respectively. The outstanding principal amount of the loans as well as all accrued and unpaid interest is required to be repaid at the earlier of the eighth anniversary of the date of the relevant loan or at the date of the relevant employee's resignation from the Company.

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The Company recorded a receivable from the Contributing Partners and certain employees and former employees for the potential return of profit sharing distributions that would be due if certain funds were liquidated as of September 30, 2018 and December 31, 2017 of \$36.3 million and \$36.4 million, respectively.

Indemnity

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

Accordingly, in the event that the Company's Managing Partners, Contributing Partners and certain investment professionals are required to pay amounts in connection with a general partner obligation for the return of previously made distributions with respect to Fund IV, Fund V and Fund VI, the Company will be obligated to reimburse the Company's Managing Partners and certain Contributing Partners for the indemnifiable percentage of amounts that they are required to pay even though the Company did not receive the certain distribution to which that general partner obligation related. The Company recorded an indemnification liability of \$10.1 million and \$10.5 million as of September 30, 2018 and December 31, 2017, respectively.

Due to Private Equity and Credit Funds

Based upon an assumed liquidation of certain of the credit and private equity funds the Company manages the Company has recorded a general partner obligation to return previously distributed performance allocations, which represents amounts due to these funds. The general partner obligation is recognized based upon an assumed liquidation of a fund's net assets as of the reporting date. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of a fund's investments based on the contractual termination of the fund or as otherwise set forth in the respective limited partnership agreement or other governing document of the fund.

There was a general partner obligation to return previously distributed performance allocations related to certain private equity funds of \$41.7 million and \$30.1 million accrued as of September 30, 2018 and December 31, 2017, respectively. There was a general partner obligation to return previously distributed performance allocations related to certain credit funds of \$41.1 million and \$56.1 million accrued as of September 30, 2018 and December 31, 2017, respectively.

Athene

Athene Holding was founded in 2009 to capitalize on favorable market conditions in the dislocated life insurance sector. Athene Holding, through its subsidiaries, is a leading retirement services company that issues, reinsures and acquires retirement savings products designed for the increasing number of individuals and institutions seeking to fund retirement needs. The products and services offered by Athene include fixed and fixed indexed annuity products, reinsurance services offered to third-party annuity providers; and institutional products, such as funding agreements. Athene Holding became an effective registrant under the Exchange Act on December 9, 2016. Athene Holding is currently listed on the New York Stock Exchange (NYSE) under the symbol "ATH".

The Company provides asset management and advisory services to Athene, including asset allocation services, direct asset management services, asset and liability matching management, mergers and acquisitions, asset diligence

hedging and other asset management services.

The Company, through its consolidated subsidiary Athene Asset Management, or AAM, earns management fees of 0.40% per year on all assets that it manages in accounts owned by Athene in the U.S. and Bermuda or in accounts supporting reinsurance ceded to U.S. and Bermuda subsidiaries of Athene Holding by third-party insurers (collectively, the “Athene North American Accounts”) up to \$65.846 billion (the level of assets in the Athene North American Accounts as of December 31, 2016) and 0.30% per year on all assets in excess of \$65.846 billion, respectively, subject to certain discounts and exceptions.

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Athora

The Company, through its consolidated subsidiary, AAME, provides investment advisory services to certain portfolio companies of Apollo funds and Athora, a strategic platform established to acquire or reinsure blocks of insurance business in the German and broader European life insurance market (collectively, the “Athora European Accounts”).

Athene and Athora Sub-Advised

The Company, through AAM, provides sub-advisory services with respect to a portion of the assets in the Athene North American Accounts. In addition, Apollo, through AAME, provides sub-advisory services with respect to a portion of the assets in certain portfolio companies of Apollo funds and the Athora European Accounts.

From time to time, Athene also invests in funds and investment vehicles that Apollo manages. The Company refers to such assets which are invested directly as “Athene Assets Directly Invested.”

The Company broadly refers to “Athene Sub-Advised” assets as those assets in the Athene North American Accounts which the Company explicitly sub-advises as well as Athene Assets Directly Invested. The Company broadly refers to “Athora Sub-Advised” assets as those assets in the Athora European Accounts which the Company explicitly sub-advises as well as those assets in the Athora European Accounts which are invested directly in funds and investment vehicles Apollo manages.

With limited exceptions, the sub-advisory fee arrangements between the Company, Athene, Athora and the fee arrangements with respect to Athene Assets Directly Invested are presented in the following table:

	As of September 30, 2018	
Athene North American Accounts sub-advised by AAM ⁽¹⁾ :		
Assets up to \$10.0 billion	0.40	%
Assets between \$10.0 billion to \$12.4 billion	0.35	%
Assets between \$12.4 billion to \$16.0 billion	0.40	%
Assets in excess of \$16.0 billion	0.35	%
Athora European Accounts sub-advised by AAME	0.35	%
Athene Assets Directly Invested ⁽²⁾	0% to 1.75%	

(1) The sub-advisory fees with respect to the assets in the Athene North American Accounts are in addition to the management fee earned by the Company described above.

(2) With respect to Athene Assets Directly Invested, Apollo earns performance revenues of 0% to 20% in addition to the fees presented above. The fees set forth above with respect to the Athene Assets Directly Invested, and the performance revenues that Apollo earns on such assets, are in addition to the fees described above, with certain limited exceptions.

Investment Management Agreement Proposed Amendments - Athene Asset Management

On September 20, 2018, Athene and Apollo agreed to revise the existing fee agreement between Athene and AAM (the “proposed Amended Fee Agreement”). The proposed Amended Fee Agreement remains subject to approval by Athene’s shareholders in 2019 of a bye-law amendment providing that Athene will not elect to terminate the investment management arrangement between Athene and Apollo, except for cause, for a period of four years from the date of the bye-law amendment and thereafter only on each successive two-year anniversary of the expiration of the initial four-year period. Following the approval by Athene’s shareholders, the proposed Amended Fee Agreement would have retroactive effect to the month beginning January 1, 2019. The proposed Amended Fee Agreement

amends the existing management fee and sub-advisory terms described above and provides for sub-allocation fees which vary based on portfolio allocation differentiation.

AAA Investments

Apollo, as general partner of AAA Investments, is generally entitled to performance allocations equal to 20% of the realized returns (net of related expenses, including borrowing costs) on the investments of AAA Investments, except that Apollo is not entitled to receive any performance allocations with respect to the shares of Athene Holding that were acquired (and not in

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satisfaction of prior commitments to buy such shares) by AAA Investments in the contribution of certain assets by AAA to Athene in October 2012.

The following table presents the performance allocations earned from AAA Investments:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
--	--------------------------------------------------------	--	-------------------------------------------------------	--

Performance allocations from AAA Investments, net ⁽¹⁾	\$311	\$14,529	\$(4,688)	\$26,951
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(1) Net of related profit sharing expense.

The following table presents the revenues earned in aggregate from Athene, Athora and AAA Investments:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
--	--------------------------------------------------------	--	-------------------------------------------------------	--

Revenues earned in aggregate from Athene, Athora and AAA Investments, net ⁽¹⁾⁽²⁾	\$290,450	\$180,951	\$379,275	\$434,160
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Consisting of management fees, sub-advisory fees, performance revenues from Athene, Athora and AAA Investments, as applicable (net of related profit sharing expense) and changes in the market value of the Athene Holding shares owned directly by Apollo. These amounts exclude the deferred revenue recognized as management fees associated with the vesting of AHL Awards granted to employees of Apollo as further described in note 11.

Gains (losses) on the market value of the shares of Athene Holding owned directly by Apollo were \$155.5 million (2) and \$68.5 million for the three months ended September 30, 2018 and 2017, respectively, and \$20.6 million and \$103.0 million for the nine months ended September 30, 2018 and 2017, respectively.

During the nine months ended September 30, 2018, the Company received performance allocations of \$169.9 million and settled \$46.6 million of profit sharing expense in the form of Athene Holding shares. The following table presents performance allocations and profit sharing payable from AAA Investments:

	As of September 30, 2018	As of December 31, 2017
Performance allocations	\$ 2,259	\$ 178,600
Profit sharing payable	620	49,038

The Company's economic ownership interest in Athene Holding is comprised of the following:

	As of September (1) 30, 2018		As of December (1) 31, 2017	
Indirect interest in Athene Holding:				
Interest in AAA	2.2	%	2.2	%
Plus: Interest in AAA Investments	0.1	%	0.1	%
Total Interest in AAA and AAA Investments	2.3	%	2.3	%
Multiplied by: AAA Investments' interest in Athene Holding	0.3	%	14.0	%
Indirect interest in Athene Holding	—	%	0.3	%
Plus: Direct interest in Athene Holding	10.1	%	8.5	%
Total interest in Athene Holding	10.1	%	8.8	%

(1) Ownership interest percentages are based on approximate share count as of the reporting date.

Explanation of Responses:

AAA Investments Credit Agreement

On April 30, 2015, Apollo entered into a revolving credit agreement with AAA Investments (“AAA Investments Credit Agreement”). Under the terms of the AAA Investments Credit Agreement, the Company shall make available to AAA Investments one or more advances at the discretion of AAA Investments in the aggregate amount not to exceed a balance of \$10.0 million at

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an applicable rate of LIBOR plus 1.5%. The Company receives an annual commitment fee of 0.125% on the unused portion of the loan. As of September 30, 2018 and December 31, 2017, \$6.4 million and \$4.5 million, respectively, had been advanced by the Company and remained outstanding on the AAA Investments Credit Agreement. AAA Investments shall pay the aggregate borrowings plus accrued interest at the earlier of (a) the third anniversary of the closing date, or (b) the date that is fifteen months following the initial public offering of shares of Athene Holding Ltd. (the “Maturity Date”). On January 30, 2018, the Company and AAA agreed to extend the maturity date of the AAA Investments Credit Agreement to April 30, 2019.

Regulated Entities

Apollo Global Securities, LLC (“AGS”) is a registered broker dealer with the SEC and is a member of the Financial Industry Regulatory Authority, subject to the minimum net capital requirements of the SEC. AGS was in compliance with these requirements at September 30, 2018. From time to time, this entity is involved in transactions with related parties of Apollo, including portfolio companies of the funds Apollo manages, whereby AGS earns underwriting and transaction fees for its services.

Other Transactions

The Company recognized \$3.8 million of other income in the condensed consolidated statements of operations from the assignment of a CLO collateral management agreement to a related party during the nine months ended September 30, 2018.

14. COMMITMENTS AND CONTINGENCIES

Investment Commitments—As a limited partner, general partner and manager of the Apollo funds, Apollo had unfunded capital commitments as of September 30, 2018 and December 31, 2017 of \$1.4 billion and \$1.7 billion, respectively, of which \$692 million and \$823 million related to Fund IX as of September 30, 2018 and December 31, 2017, respectively.

Debt Covenants—Apollo’s debt obligations contain various customary loan covenants. As of September 30, 2018, the Company was not aware of any instances of non-compliance with the financial covenants contained in the documents governing the Company’s debt obligations.

Litigation and Contingencies—Apollo is, from time to time, party to various legal actions arising in the ordinary course of business including claims and lawsuits, reviews, investigations or proceedings by governmental and self-regulatory agencies regarding its business.

Various state attorneys general and federal and state agencies have initiated industry-wide investigations into the use of placement agents in connection with the solicitation of investments, particularly with respect to investments by public pension funds. Certain affiliates of Apollo have received subpoenas and other requests for information from various government regulatory agencies and investors in Apollo’s funds, seeking information regarding the use of placement agents. CalPERS announced on October 14, 2009, that it had initiated a special review of placement agents and related issues. The report of the CalPERS’ Special Review was issued on March 14, 2011. That report does not allege any wrongdoing on the part of Apollo or its affiliates. Apollo is continuing to cooperate with all such investigations and other reviews. In addition, on May 6, 2010, the California Attorney General filed a civil complaint against Alfred Villalobos and his company, Arvco Capital Research, LLC (“Arvco”) (a placement agent that Apollo has used) and Federico Buenrostro Jr., the former CEO of CalPERS, alleging conduct in violation of certain California laws in connection with CalPERS’s purchase of securities in various funds managed by Apollo and another asset manager. Apollo is not a party to the civil lawsuit and the lawsuit does not allege any misconduct on the part of Apollo. Likewise, on April 23, 2012, the SEC filed a lawsuit alleging securities fraud on the part of Arvco, as well as Messrs. Buenrostro and Villalobos, in connection with their activities concerning certain CalPERS investments in funds managed by Apollo. This lawsuit also does not allege wrongdoing on the part of Apollo, and alleges that Apollo was defrauded by Arvco, Villalobos, and Buenrostro. On March 14, 2013, the United States Department of Justice unsealed an indictment against Messrs. Villalobos and Buenrostro alleging, among other crimes, fraud in connection

with those same activities; again, Apollo is not accused of any wrongdoing and in fact is alleged to have been defrauded by the defendants. The criminal action was set for trial in a San Francisco federal court in July 2014, but was put on hold after Mr. Buenrostro pleaded guilty on July 11, 2014. As part of Mr. Buenrostro's plea agreement, he admitted to taking cash and other bribes from Mr. Villalobos in exchange for several improprieties, including attempting to influence CalPERS' investing decisions and improperly preparing disclosure letters to satisfy Apollo's requirements. There is no suggestion that Apollo was aware that Mr. Buenrostro had signed the letters with a corrupt motive. The government has indicated that they will file new charges against Mr. Villalobos incorporating Mr. Buenrostro's admissions. On August 7, 2014, the government filed a superseding indictment against Mr. Villalobos asserting additional charges. Trial had been scheduled for February 23, 2015, but Mr. Villalobos passed away on January 13, 2015. Additionally, on April 15, 2013, Mr. Villalobos, Arvco and related entities (the

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“Arvco Debtors”) brought a civil action in the United States Bankruptcy Court for the District of Nevada (the “Bankruptcy Court”) against Apollo. The action is related to the ongoing bankruptcy proceedings of the Arvco Debtors. This action alleges that Arvco served as a placement agent for Apollo in connection with several funds associated with Apollo, and seeks to recover purported fees the Arvco Debtors claim Apollo has not paid them for a portion of Arvco’s placement agent services. In addition, the Arvco Debtors allege that Apollo has interfered with the Arvco Debtors’ commercial relationships with third parties, purportedly causing the Arvco Debtors to lose business and to incur fees and expenses in the defense of various investigations and litigations. The Arvco Debtors also seek compensation from Apollo for these alleged lost profits and fees and expenses. The Arvco Debtors’ complaint asserts various theories of recovery under the Bankruptcy Code and common law. Apollo denies the merit of all of the Arvco Debtors’ claims and will vigorously contest them. The Bankruptcy Court had stayed this action pending the result in the criminal case against Mr. Villalobos but lifted the stay on May 1, 2015; in light of Mr. Villalobos’s death, the criminal case was dismissed. On August 25, 2016, Christina Lovato, in her capacity as the Chapter 7 Trustee for the Arvco Debtors, filed an amended complaint. On March 20, 2017, the court granted Apollo’s motion to dismiss the equitable claims asserted in the amended complaint, leaving just two breach of contract claims remaining. On October 20, 2017, Apollo moved for summary judgment as to the trustee’s remaining claims and a counterclaim by Apollo that seeks indemnification for attorneys’ fees and expenses. The court granted summary judgment in favor of Apollo in part, and ordered supplemental briefing on the remaining claims, on May 23, 2018. On August 2, 2018, the court granted summary judgment on the balance of the plaintiff’s claims. No estimate of possible loss, if any, can be made at this time.

On June 18, 2014, BOKF N.A. (the “First Lien Trustee”), the successor indenture trustee under the indenture governing the First Lien Notes issued by Momentive Performance Materials, Inc. (“Momentive”), commenced a lawsuit in the Supreme Court for the State of New York, New York County against AGM and members of an ad hoc group of Second Lien Noteholders (including, but not limited to, Euro VI (BC) S.a.r.l.). The First Lien Trustee amended its complaint on July 2, 2014 (the “First Lien Intercreditor Action”). In the First Lien Intercreditor Action, the First Lien Trustee seeks, among other things, a declaration that the defendants violated an intercreditor agreement entered into between holders of the First Lien Notes and holders of the second lien notes. On July 16, 2014, the successor indenture trustee under the indenture governing the 1.5 Lien Notes (the “1.5 Lien Trustee,” and, together with the First Lien Trustee, the “Indenture Trustees”) filed an action in the Supreme Court of the State of New York, New York County that is substantially similar to the First Lien Intercreditor Action (the “1.5 Lien Intercreditor Action,” and, together with the First Lien Intercreditor Action, the “Intercreditor Actions”). AGM subsequently removed the Intercreditor Actions to federal district court, and the Intercreditor Actions were automatically referred to the Bankruptcy Court adjudicating the Momentive chapter 11 bankruptcy cases. The Indenture Trustees then filed motions with the Bankruptcy Court to remand the Intercreditor Actions back to the state court (the “Remand Motions”). On September 9, 2014, the Bankruptcy Court denied the Remand Motions. On August 15, 2014, the defendants in the Intercreditor Actions (including AGM) filed a motion to dismiss the 1.5 Lien Intercreditor Action and a motion for judgment on the pleadings in the First Lien Intercreditor Action (the “Dismissal Motions”). On September 30, 2014, the Bankruptcy Court granted the Dismissal Motions. In its order granting the Dismissal Motions, the Bankruptcy Court gave the Indenture Trustees until mid-November 2014 to move to amend some, but not all, of the claims alleged in their respective complaints. On November 14, 2014, the Indenture Trustees moved to amend their respective complaints pursuant to the Bankruptcy Court’s order (the “Motions to Amend”). On January 9, 2015, the defendants filed their oppositions to the Motions to Amend. On January 16, 2015, the Bankruptcy Court denied the Motions to Amend (the “Dismissal Order”), but gave the Indenture Trustees until March 2, 2015 to seek to amend their respective complaints. On March 2, 2015, the First Lien Trustee filed a motion seeking to amend its complaint. On April 10, 2015, the defendants, including AGM and Euro VI (BC) S.a.r.l., filed an opposition to the First Lien Trustee’s motion to amend. Instead of moving again to amend its complaint, the 1.5 Lien Trustee chose to appeal the Dismissal Order

(the “1.5 Lien Appeal”). On March 30, 2015, the 1.5 Lien Trustee filed its Statement of Issues and Designation of Record on Appeal. On March 31, 2015, because the legal issues presented in the 1.5 Lien Appeal are substantially similar to those presented in the First Lien Intercreditor Action, the parties in the 1.5 Lien Appeal submitted a joint stipulation and proposed order to the District Court staying the briefing schedule on the 1.5 Lien Appeal pending the outcome of the First Lien Trustee’s most recent motion to amend. On April 13, 2015, the Defendants filed their Counter-Designation of the Record on Appeal in the 1.5 Lien Appeal. On May 8, 2015, the Bankruptcy Court denied the motion to amend filed on March 2, 2015 by the First Lien Trustee. On May 27, 2015, the First Lien Trustee filed a notice of appeal from the orders of the Bankruptcy Court dismissing the First Lien Intercreditor Action and denying the First Lien Trustee’s motions to amend (the “First Lien Appeal”). On June 2, 2015, the First Lien Trustee filed its Statement of Issues and Designation of Record on Appeal. On June 24, 2015, the defendants filed their Counter-Designation of the Record on Appeal in the First Lien Appeal. On July 31, 2015, the 1.5 Lien Trustee sent a letter to the federal district court hearing the 1.5 Lien Appeal asking the court to consolidate the 1.5 Lien Appeal with the First Lien Appeal which had been assigned to a different judge (the “Consolidation Request”). On April 8, 2016, the court granted the Consolidation Request. On May 20, 2016, the Indenture Trustees filed their opening appellate brief. The Appellees filed their response brief on July 14, 2016, and the Indenture Trustees filed their reply brief on August 5, 2016. On October 2, 2017, the court stayed the Intercreditor Actions pending a decision by the U.S. Court of Appeals for the Second Circuit

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in an appeal concerning the Momentive chapter 11 bankruptcy cases. On October 20, 2017, the Second Circuit issued its ruling in the appeal concerning the Momentive chapter 11 bankruptcy cases. As a result, the court has lifted the stay on the Intercreditor Actions, but no further proceedings have been held in the Intercreditor Actions. Apollo is unable at this time to assess a potential risk of loss. In addition, Apollo does not believe that AGM is a proper defendant in these actions.

On March 4, 2016, the Public Employees Retirement System of Mississippi filed a putative securities class action against Sprouts Farmers Market, Inc. (“SFM”), several SFM directors (including Andrew Jhawar, an Apollo partner), AP Sprouts Holdings, LLC and AP Sprouts Holdings (Overseas), L.P. (the “AP Entities”), which are controlled by entities managed by Apollo affiliates, and two underwriters of a March 2015 secondary offering of SFM common stock. The AP Entities sold SFM common stock in the March 2015 secondary offering. The complaint, filed in Arizona Superior Court and captioned Public Employees Retirement System of Mississippi v. Sprouts Farmers Market, Inc. (CV2016-050480), alleges that SFM filed a materially misleading registration statement for the secondary offering that incorporated alleged misrepresentations in SFM’s 2014 annual report regarding SFM’s business prospects, and failed to disclose alleged accelerating produce deflation. Plaintiffs alleged causes of action against the AP Entities for violations of Sections 11 and 15 of the Securities Act of 1933, seeking compensatory damages for alleged losses sustained from a decline in SFM’s stock price. Defendants moved to dismiss the action, and the court dismissed the Section 11 claim against the AP Entities but not the Section 15 claim. On September 4, 2018, Sprouts filed (i) a notice that the parties have reached an agreement in principle to settle the matter; and (ii) a joint motion to stay the case deadlines. On September 13, 2018 the court stayed the case until November 6, 2018, pending the filing of plaintiff’s motion to approve the settlement.

On June 20, 2016 Banca Carige S.p.A. (“Carige”) commenced a lawsuit in the Court of Genoa (Italy) (No. 8965/2016), against its former Chairman, its former Chief Executive Officer, AGM and certain entities (the “Apollo Entities”) organized and owned by investment funds managed by affiliates of AGM. The complaint alleges that AGM and the Apollo Entities (i) aided and abetted breaches of fiduciary duty to Carige allegedly committed by Carige’s former Chairman and former CEO in connection with the sale to the Apollo Entities of Carige subsidiaries engaged in the insurance business; and (ii) took wrongful actions aimed at weakening Banca Carige’s financial condition supposedly to facilitate an eventual acquisition of Carige. The causes of action are based in tort under Italian law. Carige purportedly seeks damages of €450 million in connection with the sale of the insurance businesses and €800 million for other losses. Hearings were held on May 17, 2017, on June 14, 2017, on November 7, 2017 and on January 18, 2018. After the Court’s decision dated December 6, 2017, that the case can be decided without further evidence, the parties filed their final two briefs on March 19, 2018 and April 9, 2018, respectively. Based on the allegations made by the plaintiff during the proceedings, Apollo believes that there is no merit to Carige’s claims. Additionally, although the case appears to be in its final stages, no reasonable estimate of possible loss, if any, can be made at this time.

On December 12, 2016, the CORE Litigation Trust (the “Trust”), which was created under the Chapter 11 reorganization plan for CORE Media and other affiliated entities, including CORE Entertainment, Inc. (“CORE”), approved by the Southern District of New York Bankruptcy Court on September 22, 2016, commenced an action in California Superior Court for Los Angeles County, captioned Core Litigation Trust v. Apollo Global Management, LLC, et al., Case No. BC 643732, which was removed to the United States District Court for the Central District of California on February 3, 2017. On April 5, 2017, the C.D. Cal. District Court granted Defendants’ motion to transfer the case to the Southern District of New York (“SDNY”) and denied the Trust’s motion to remand the action to California state court, without prejudice to the Trust refile its remand motion in the SDNY. On April 20, 2017, the SDNY District Court referred the case to the SDNY Bankruptcy Court. On July 17, 2017, the SDNY Bankruptcy Court granted the Trust’s motion for mandatory abstention and remanded the case to Los Angeles County Superior Court. On October 3, 2017, the Los Angeles County Superior Court granted defendants’ motion to stay all proceedings

in the California state court action on forum non conveniens grounds in favor of litigating the case in New York state court. On November 9, 2017, the Trust filed a complaint in the Supreme Court of the State of New York for New York County, commencing an action captioned Core Litigation Trust v. Apollo Global Management, LLC, et al., Index No. 656856/2017. The complaint names as defendants: (i) AGM, (ii) Apollo Global Securities, LLC, (iii) other AGM subsidiaries, (iv) the funds managed by Apollo that were the beneficial owners of CORE Media (the “CORE Funds”), (v) certain affiliated-entities through which the CORE Funds owned their beneficial interest in CORE Media, (vi) Twenty-First Century Fox, Inc. (“Fox”) and certain Fox affiliates, (vii) Endemol USA Holding, Inc. (“Endemol”) and certain Endemol-affiliated entities, and (viii) the joint venture through which the CORE Funds and Fox beneficially owned CORE Media and Endemol Shine. The Trust’s complaint asserts against all defendants claims for inducing the breach of and tortiously interfering with \$360 million in loans under the 2011 loan agreements entered into between CORE and certain First and Second Lien Lenders (the “Lenders”), who assigned their loan-agreement claims to the Trust as part of CORE’s Chapter 11 plan of reorganization. The Trust alleges that defendants’ participation in certain transactions related to CORE, including the December 12, 2014 formation of the joint venture through which the CORE Funds and Fox beneficially owned CORE Media and Endemol Shine, induced CORE to breach the loan agreements and tortiously interfered with CORE’s performance of its obligations under the loan agreements. The Trust also asserts alter-ego and de-facto-merger claims seeking to hold certain defendants liable

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for the guarantee provided by CORE Entertainment Holdings, Inc. (CORE's parent holding company) of CORE's repayment obligations under the loans' repayment. The Trust seeks \$240 million in compensatory, unspecified punitive damages, pre-judgment interests, and costs and expenses. On January 16, 2018, defendants filed motions to dismiss the complaint. The Trust opposed the motions to dismiss on February 16, 2018. Defendants filed their replies on March 12, 2018. The court heard oral argument on defendants' motions on May 17, 2018. On April 27, 2018, the Trust filed an adversary complaint in the Southern District of New York Bankruptcy Court captioned Core Litigation Trust v. Apollo Global Management, LLC, et al., Case No. 16-11090. The complaint names as defendants (i) AGM, (ii) certain affiliated-entities through which the CORE Funds owned their beneficial interest in CORE Media, (iii) certain former CORE directors who are current or former employees of AGM subsidiaries (the "Directors"), (iv) CORE Entertainment Holdings (CORE's direct parent), and (v) the joint venture through which the CORE Funds and Fox beneficially owned CORE Media and Endemol Shine. The Trust asserts a breach of fiduciary duty claim against the Directors and an aiding-and-abetting claim against AGM for allegedly preventing CORE Media from investing in the joint venture, and a fiduciary-duty breach claim against the Directors and Apollo CORE Holdings, and an aiding-and-abetting claim against all defendants (except the joint venture) for allegedly causing CORE Media to pay \$93 million to a former shareholder to satisfy a legal judgment in March 2015. The Trust further asserts fraudulent-conveyance claims against AGM under bankruptcy and New York law in connection with payment of that judgment. The Trust seeks unspecified compensatory damages, to avoid and recover the \$93 million judgment payment, pre-judgment interest, and costs and fees. On June 29, 2018, Defendants moved to abstain or, in the alternative, to dismiss the claims with prejudice. On August 24, 2018, the Trust dismissed the joint venture from the case and opposed the motion to abstain or dismiss. Defendants filed their reply on September 27, 2018. A hearing to consider the motion is scheduled for November 27, 2018. Apollo believes the claims in each action are without merit. Because the actions are in their early stages, no reasonable estimate of possible loss, if any, can be made at this time. On August 3, 2017, a putative class action was commenced in the United States District Court for the Middle District of Florida against AGM, Gareth Turner (an Apollo Partner) and Mark Beith (a former Apollo Principal) by Michael McEvoy on behalf of a class of current and former employees of subsidiaries of CEVA Group, LLC ("CEVA Group") who purchased restricted Class A shares in CEVA Investment Limited ("CIL"), the former parent company of CEVA Group. The complaint alleges that the defendants breached fiduciary duties to and defrauded the plaintiffs by inducing them to purchase shares in CIL and subsequently participating in a debt restructuring of CEVA Group in which shareholders of CIL did not receive a recovery. The complaint purports to seek damages in excess of €14 million. On October 18, 2017, the bankruptcy trustee for CIL filed a motion in the Bankruptcy Court for the Southern District of New York to prevent McEvoy and his counsel from continuing to prosecute the Florida action on the basis that the relevant claims belong to the CIL bankruptcy estate. On November 21, 2017, the Florida court granted the parties' joint motion to stay the case pending resolution of the CIL bankruptcy trustee's motion to enforce the automatic stay, staying the case until further Order. On February 9, 2018, the bankruptcy court granted the CIL trustee's motion to enforce the automatic stay and enjoined further prosecution of the McEvoy Action (the "February 9 Order"). On February 23, 2018, Mr. McEvoy filed a motion for leave to appeal the February 9 Order. On May 4, 2018, the District Court for the Southern District of New York denied McEvoy's appeal of the February 9 Order, but permitted McEvoy to file a motion in the bankruptcy court to clarify the scope of the injunction or to modify the order to permit him to amend the complaint. On May 24, 2018, McEvoy filed a motion with the bankruptcy court seeking clarification or modification of the February 9 Order, which the CIL Trustee and Mr. Turner opposed. On June 1, 2018, the Florida court entered an order continuing the stay in the case pending the bankruptcy court's ruling on McEvoy's motion for clarification. The bankruptcy court held a hearing on McEvoy's motion for clarification on June 28, 2018, at which it directed McEvoy to file a reply and proposed amended complaint. The reply and proposed amended complaint were filed on July 10, 2018. The proposed amended complaint no longer asserts claims against Messrs. Turner and Beith but adds Apollo Management VI, L.P. and CEVA Group as proposed defendants. The proposed amended complaint

purports to seek damages of approximately €30 million and asserts, among other things, claims for violations of the Investment Advisors Act of 1940, breach of fiduciary duties, and breach of contract. On July 26, 2018, CEVA Group, AGM, and Apollo Management VI, L.P. filed a reservation of rights with respect to the proposed amended complaint. On October 16, 2018, the bankruptcy court granted McEvoy's motion for clarification, permitting him to file the proposed amended complaint in the Florida action, to the extent he asserts direct claims against the proposed defendants. To date, McEvoy has not filed the proposed amended complaint. The parties have until November 6, 2018 to file a joint status report with the Florida court. Based on the allegations in the complaint, Apollo believes that there is no merit to the claims. Additionally, as the case is in its early stages, no reasonable estimate of possible loss, if any, can be made at this time.

On December 21, 2017, Harbinger Capital Partners II, LP, Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P., Harbinger Capital Partners Special Situations GP, LLC, Harbinger Capital Partners Offshore Manager, L.L.C., Global Opportunities Breakaway Ltd. (in voluntary liquidation), and Credit Distressed Blue Line Master Fund, Ltd. (collectively, "Harbinger") commenced an action in New York Supreme Court captioned Harbinger Capital Partners II LP et al. v. Apollo Global Management LLC, et al. (No. 657515/2017). The complaint names as defendants (i) AGM, (ii) the

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funds managed by Apollo that invested in SkyTerra Communications, Inc. (“SkyTerra”) equity before selling their interests to Harbinger under an April 2008 agreement that closed in 2010, and (iii) six former SkyTerra directors, five of whom are current or former Apollo employees. The complaint alleges that during the period of Harbinger’s various equity and debt investments in SkyTerra, from 2004 to 2010, Defendants concealed from Harbinger material defects in SkyTerra technology that was to be used to create a new mobile wi-fi network. The complaint alleges that Harbinger would not have made investments in SkyTerra totaling approximately \$1.9 billion had it known of the defects, and that the public disclosure of these defects ultimately led to SkyTerra filing for bankruptcy in 2012 (after it had been renamed LightSquared). The complaint asserts claims against (i) all defendants for fraud, civil conspiracy, and negligent misrepresentation, (ii) AGM and the Apollo-managed funds only for breach of fiduciary duty, breach of contract, and unjust enrichment, and (iii) the SkyTerra director defendants only for aiding and abetting breach of fiduciary duty. The complaint seeks \$1.9 billion in damages, as well as punitive damages, interest, costs, and fees. On February 14, 2018, the parties filed a stipulation in the state court to stay the state court action until December 31, 2018. The Court entered the stay on February 21, 2018. On February 14, 2018, Defendants moved the United States Bankruptcy Court for the Southern District of New York to reopen the LightSquared bankruptcy proceeding for the limited purpose of enforcing Harbinger’s assignment and release in that bankruptcy of the claims that it asserts in the New York state court action. On February 23, 2018, Apollo filed a Notice of Adjournment on behalf of all parties that adjourned without date the hearing on the motion to reopen, to be rescheduled to a new date and time following the expiration of the state-court stay. Apollo believes these claims are without merit. Because this action is in its early stages, no reasonable estimate of possible loss, if any, can be made at this time.

On February 9, 2018, plaintiffs Joseph M. Dropp, Mary E. Dropp, Robert Levine, Susan Levine, and Kaarina Pakka filed a complaint in the United States District Court for the District of Nevada against Apollo Management VIII, L.P. (“Management VIII”), AGM and Diamond Resorts International, Inc. (“Diamond”) and several of its affiliates and executives. Plaintiffs, who allege that they bought vacation interest points from Diamond, allege that the points are securities and that defendants violated federal securities laws by selling the points without registering them as securities. Plaintiffs also assert a “control person” claim against Management VIII and AGM. Plaintiffs assert their claims on their own behalf and on behalf of a purported class of Diamond customers who bought vacation interest points over the last three years. They seek injunctive relief prohibiting defendants from continuing to market and sell unregistered securities, the right to rescind their purchases, and unspecified compensatory damages. On April 11, 2018, Defendants filed motions to sever Ms. Pakka’s claims from the claims of the other plaintiffs and to transfer those claims to the United States District Court for the District of Hawaii. In regard to the other plaintiffs, Defendants filed motions to compel those plaintiffs to arbitrate their claims; to strike their class action claim and to pursue their arbitration claim individually, rather than jointly; and to dismiss the complaint or, in the alternative, stay it pending arbitration. Apollo believes the claims in this action are without merit. Because this action is in the early stages, no reasonable estimate of possible loss, if any, can be made at this time.

Five shareholders filed substantially similar putative class action lawsuits in the Circuit Court of the Fifteenth Judicial Circuit in and for Palm Beach County, Florida in March, April, and May 2018, alleging violations of the Securities Act of 1933 (the “1933 Act”) in connection with the January 19, 2018 IPO of ADT Inc. common stock. The actions were consolidated on July 10, 2018, and the case was re-captioned In re ADT Inc. Shareholder Litigation. On August 24, 2018, the state-court plaintiffs filed a consolidated complaint naming as defendants ADT Inc., several ADT officers and directors, the IPO underwriters, AGM and certain other Apollo affiliates. Plaintiffs generally allege that the registration statement and prospectus for the IPO contained false and misleading statements and failed to disclose material information about certain litigation in which ADT was involved, ADT’s efforts to protect its intellectual property, and competitive pressures ADT faced. Defendants filed motions to dismiss the consolidated complaint on

October 23, 2018 and the motions will be fully briefed on January 22, 2019. On May 21, 2018, a similar shareholder class action lawsuit was filed in the United States District Court for the Southern District of Florida, naming as defendants ADT, several officers and directors, and AGM. The federal action, captioned Perdomo v. ADT Inc., generally alleges that the registration statement was materially misleading because it failed to disclose ongoing deterioration in ADT's financial results, along with certain customer and business metrics. On July 20, 2018, several alleged ADT shareholders filed competing motions to be named lead plaintiff in the federal action. All but one of those motions has since been withdrawn, and that one now-uncontested motion remains pending. On September 12, 2018, a shareholder derivative action, captioned Velasco v. Whall, was filed in the United States District Court for the Southern District of Florida, naming as defendants several ADT officers and directors, along with the same Apollo defendants in the state-court action. The derivative complaint generally alleges that the individual defendants and Apollo defendants committed securities fraud and breached their fiduciary duties by failing to make necessary disclosures, failing to correct materially misleading statements in the IPO registration statement, and causing ADT to fail to maintain internal controls. Similar shareholder derivative actions, captioned Myung v. Whall, Scheel v. Whall, and Bradel v. Whall, were filed in the Southern District of Florida on September 20, 2018, October 11, 2018, and October 12, 2018, respectively,

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naming the same defendants and making similar allegations as Velasco. Based on the allegations in the complaints, Apollo believes that there is no merit to any of the claims against AGM or the other Apollo defendants.

On May 3, 2018, Caldera Holdings Ltd, Caldera Life Reinsurance Company, and Caldera Shareholder, L.P. (collectively, “Caldera”) filed a summons with notice in the Supreme Court of the State of New York, New York County, naming as defendants AGM, Apollo Management, L.P., Apollo Advisors VIII, L.P., Apollo Capital Management VIII, LLC, Athene Asset Management, L.P., Athene Holding, Ltd., and Leon Black (collectively, “Defendants” and all but Athene Holding, Ltd., the “Apollo Defendants”). On July 12, 2018, Caldera filed a complaint, Index No. 652175/2018 (the “Complaint”), alleging three causes of action: (1) tortious interference with prospective business relations/prospective economic advantage; (2) defamation/trade disparagement/injurious falsehood; and (3) unfair competition. The Complaint seeks damages of no less than \$1.5 billion, as well as exemplary and punitive damages, attorneys’ fees, interest, and an injunction. Defendants moved to dismiss the Complaint on September 21, 2018. The Apollo Defendants believe that the claims contained in the Complaint lack merit and intend to defend the case vigorously. Because this action is in the early stages, no reasonable estimate of possible loss, if any, can be made at this time.

Commitments and Contingencies—Apollo leases office space and certain office equipment under various lease and sublease arrangements, which expire on various dates through 2036. As these leases expire, it can be expected that in the normal course of business, they will be renewed or replaced. Certain lease agreements contain renewal options, rent escalation provisions based on certain costs incurred by the landlord or other inducements provided by the landlord. Rent expense is accrued to recognize lease escalation provisions and inducements provided by the landlord, if any, on a straight-line basis over the lease term and renewal periods where applicable. Apollo has entered into various operating lease service agreements in respect of certain assets.

As of September 30, 2018, the approximate aggregate minimum future payments required for operating leases were as follows:

	Remaining 2018	2019	2020	2021	2022	Thereafter	Total
Aggregate minimum future payments	\$ 9,850	\$37,790	\$24,298	\$31,378	\$35,103	\$435,466	\$573,885

Expenses related to non-cancellable contractual obligations for premises, equipment, auto and other assets were \$10.0 million and \$8.5 million for the three months ended September 30, 2018 and 2017, respectively, and \$30.0 million and \$28.3 million for the nine months ended September 30, 2018 and 2017, respectively, and are included in general, administrative and other on the condensed consolidated statements of operations.

Other long-term obligations relate to payments with respect to certain consulting agreements entered into by Apollo Investment Consulting LLC, a subsidiary of Apollo, as well as long-term service contracts. A significant portion of these costs are reimbursable by funds or portfolio companies. As of September 30, 2018, fixed and determinable payments due in connection with these obligations were as follows:

	Remaining 2018	2019	2020	2021	2022	Thereafter	Total
Other long-term obligations	\$ 8,008	\$8,388	\$2,320	\$2,070	\$1,482	\$ 1,240	\$23,508

Contingent Obligations—Performance allocations with respect to certain funds are subject to reversal in the event of future losses to the extent of the cumulative revenues recognized in income to date. If all of the existing investments became worthless, the amount of cumulative revenues that have been recognized by Apollo through September 30, 2018 and that would be reversed approximates \$3.7 billion. Management views the possibility of all of the investments becoming worthless as remote. Performance allocations are affected by changes in the fair values of the underlying investments in the funds that Apollo manages. Valuations, on an unrealized basis, can be significantly affected by a variety of external factors including, but not limited to, bond yields and industry trading multiples.

Movements in these items can affect valuations quarter to quarter even if the underlying business fundamentals remain stable.

Additionally, at the end of the life of certain funds that the Company manages, there could be a payment due to a fund by the Company if the Company, as general partner, has received more performance allocations than was ultimately earned. The general partner obligation amount, if any, will depend on final realized values of investments at the end of the life of each fund or

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as otherwise set forth in the respective limited partnership agreement of the fund. See note 13 to our condensed consolidated financial statements for further details regarding the general partner obligation.

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

One of the Company's subsidiaries, AGS, provides underwriting commitments in connection with securities offerings to the portfolio companies of the funds Apollo manages. As of September 30, 2018, there were no underwriting commitments outstanding related to such offerings.

Contingent Consideration—In connection with the acquisition of Stone Tower in April 2012, the Company agreed to pay the former owners of Stone Tower a specified percentage of any future performance revenues earned from certain of the Stone Tower funds, CLOs, and strategic investment accounts. This contingent consideration liability was determined based on the present value of estimated future performance revenue payments, and is recorded in profit sharing payable in the condensed consolidated statements of financial condition. The fair value of the remaining contingent obligation was \$77.7 million and \$92.6 million as of September 30, 2018 and December 31, 2017, respectively.

The contingent consideration obligations will be remeasured to fair value at each reporting period until the obligations are satisfied and are characterized as Level III liabilities. The changes in the fair value of the contingent consideration obligations is reflected in profit sharing expense in the condensed consolidated statements of operations. See note 6 for further information regarding fair value measurements.

15. SEGMENT REPORTING

Apollo conducts its business primarily in the United States and substantially all of its revenues are generated domestically. Apollo's business is conducted through three reportable segments: credit, private equity and real assets. Segment information is utilized by our Managing Partners, who operate collectively as our chief operating decision maker, to assess performance and to allocate resources. These segments were established based on the nature of investment activities in each underlying fund, including the specific type of investment made and the level of control over the investment.

The performance is measured by the Company's chief operating decision maker on an unconsolidated basis because management makes operating decisions and assesses the performance of each of Apollo's business segments based on financial and operating metrics and data that exclude the effects of consolidation of any of the affiliated funds.

Economic Income (Loss)

Economic Income (Loss), or "EI", is a key performance measure used by management in evaluating the performance of Apollo's credit, private equity and real assets segments. Management believes the components of EI, such as the amount of management fees, advisory and transaction fees and performance fees, are indicative of the Company's performance. Management uses EI in making key operating decisions such as the following:

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

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

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

growth for the year.

EI is a measure of profitability and has certain limitations in that it does not take into account certain items included under U.S. GAAP. EI represents segment income (loss) before income tax provision excluding transaction-related charges arising from the 2007 private placement, and any acquisitions. Transaction-related charges includes equity-based compensation charges,

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the amortization of intangible assets, contingent consideration and certain other charges associated with acquisitions. In addition, EI excludes non-cash revenue and expense related to equity awards granted by unconsolidated related parties to employees of the Company, compensation and administrative related expense reimbursements, as well as the assets, liabilities and operating results of the funds and VIEs that are included in the condensed consolidated financial statements. We believe the exclusion of the non-cash charges related to the 2007 Reorganization for equity-based compensation provides investors with a meaningful indication of our performance because these charges relate to the equity portion of our capital structure and not our core operating performance. EI also excludes impacts of the remeasurement of the tax receivable agreement recorded in other income, which arises from changes in the associated deferred tax balance, including the impacts related to the TCJA.

Management believes that excluding the remeasurement of the tax receivable agreement from EI is meaningful as it increases comparability between periods. Remeasurement of the tax receivable agreement is an estimate, and may change due to changes in interpretations and assumptions based on additional guidance that may be issued pertaining to the TCJA.

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The following tables present financial data for Apollo's reportable segments.

	As of and for the Three Months Ended September 30, 2018			
	Credit Segment	Private Equity Segment	Real Assets Segment	Total Reportable Segments
Revenues:				
Management fees	\$ 196,507	\$ 123,304	\$ 20,094	\$ 339,905
Advisory and transaction fees, net	2,310	5,925	4,737	12,972
Performance fees ⁽¹⁾ :				
Unrealized ⁽²⁾	(4,896)	29,005	2,338	26,447
Realized	22,790	76,746	559	100,095
Total performance fees	17,894	105,751	2,897	126,542
Principal investment income	6,803	10,328	607	17,738
Total Revenues ⁽³⁾	223,514	245,308	28,335	497,157
Expenses:				
Compensation and benefits:				
Salary, bonus and benefits	57,694	33,673	10,166	101,533
Equity-based compensation	11,525	7,905	521	19,951
Profit sharing expense:				
Unrealized	(1,409)	8,537	1,775	8,903
Realized	12,079	41,553	548	54,180
Equity-based ⁽⁴⁾	3,150	20,267	385	23,802
Total profit sharing expense	13,820	70,357	2,708	86,885
Total compensation and benefits	83,039	111,935	13,395	208,369
Non-compensation expenses:				
General, administrative and other	38,071	19,740	6,186	63,997
Placement fees	695	51	—	746
Total non-compensation expenses	38,766	19,791	6,186	64,743
Total Expenses ⁽³⁾	121,805	131,726	19,581	273,112
Other Income:				
Net gains from investment activities	113,188	42,074	—	155,262
Net interest loss	(4,858)	(3,680)	(983)	(9,521)
Other income, net	1,155	666	1,277	3,098
Total Other Income ⁽³⁾	109,485	39,060	294	148,839
Non-Controlling Interests	(1,187)	—	—	(1,187)
Economic Income ⁽³⁾	\$ 210,007	\$ 152,642	\$ 9,048	\$ 371,697
Total Assets ⁽³⁾	\$ 2,828,917	\$ 2,691,289	\$ 233,728	\$ 5,753,934

(1) Performance fees includes performance allocations and incentive fees.

(2) Included in unrealized performance fees for the three months ended September 30, 2018 was a reversal of previously realized performance fees due to the general partner obligation to return previously distributed performance fees.

(3) Refer below for a reconciliation of total revenues, total expenses, other income and total assets for Apollo's total reportable segments to total consolidated revenues, total consolidated expenses, total consolidated other income and total assets.

(4) Relates to amortization of restricted share awards granted under certain profit sharing arrangements.

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	For the Three Months Ended September 30, 2017			
	Credit Segment	Private Equity Segment	Real Assets Segment	Total Reportable Segments
Revenues:				
Management fees	\$ 187,885	\$ 76,079	\$ 18,470	\$ 282,434
Advisory and transaction fees, net	4,219	10,572	1,418	16,209
Performance fees ⁽¹⁾ :				
Unrealized ⁽²⁾	4,179	286,589	(5,169)	285,599
Realized	32,131	21,859	6,985	60,975
Total performance fees	36,310	308,448	1,816	346,574
Principal investment income (loss)	8,222	39,875	(83)	48,014
Total Revenues ⁽³⁾	236,636	434,974	21,621	693,231
Expenses:				
Compensation and benefits:				
Salary, bonus and benefits	59,027	31,467	10,513	101,007
Equity-based compensation	9,925	6,335	798	17,058
Profit sharing expense:				
Unrealized	2,266	96,992	(4,812)	94,446
Realized	14,643	17,394	3,636	35,673
Equity-based ⁽⁴⁾	518	808	—	1,326
Total profit sharing expense	17,427	115,194	(1,176)	131,445
Total compensation and benefits	86,379	152,996	10,135	249,510
Non-compensation expenses:				
General, administrative and other	35,709	19,699	5,520	60,928
Placement fees	3,140	2,257	—	5,397
Total non-compensation expenses	38,849	21,956	5,520	66,325
Total Expenses ⁽³⁾	125,228	174,952	15,655	315,835
Other Income:				
Net gains from investment activities	60,570	7,959	—	68,529
Net interest loss	(5,972)	(4,374)	(1,163)	(11,509)
Other income, net	16,318	7,344	2,044	25,706
Total Other Income ⁽³⁾	70,916	10,929	881	82,726
Non-Controlling Interests	(1,751)	—	—	(1,751)
Economic Income ⁽³⁾	\$ 180,573	\$ 270,951	\$ 6,847	\$ 458,371

(1) Performance fees includes performance allocations and incentive fees.

(2) Included in unrealized performance fees for the three months ended September 30, 2017 was a reversal of previously realized performance fees due to the general partner obligation to return previously distributed performance fees.

(3) Refer below for a reconciliation of total revenues, total expenses and other income for Apollo's total reportable segments to total consolidated revenues, total consolidated expenses and total consolidated other income.

(4) Relates to amortization of equity-based awards granted under certain profit sharing arrangements.

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The following table reconciles total consolidated revenues to total revenues for Apollo's reportable segments.

	For the Three Months Ended September 30,	
	2018	2017
Total Consolidated Revenues	\$517,731	\$711,720
Equity awards granted by unconsolidated related parties and reimbursable expenses ⁽¹⁾	(23,019)	(19,832)
Adjustments related to consolidated funds and VIEs ⁽¹⁾	2,445	1,343
Total Reportable Segments Revenues	\$497,157	\$693,231

Represents advisory fees, management fees and performance fees earned from consolidated VIEs which are eliminated in consolidation. Includes non-cash revenues related to equity awards granted by unconsolidated related parties to employees of the Company and certain compensation and administrative related expense reimbursements.

The following table reconciles total consolidated expenses to total expenses for Apollo's reportable segments

	For the Three Months Ended September 30,	
	2018	2017
Total Consolidated Expenses	\$312,727	\$357,483
Equity awards granted by unconsolidated related parties and reimbursable expenses ⁽¹⁾	(23,153)	(19,832)
Transaction-related compensation charges, net ⁽¹⁾	(206)	(7,543)
Reclassification of interest expenses	(15,209)	(13,302)
Amortization of transaction-related intangibles ⁽¹⁾	(1,047)	(971)
Total Reportable Segments Expenses	\$273,112	\$315,835

Represents the addition of expenses of consolidated funds and VIEs, transaction-related charges, non-cash expenses related to equity awards granted by unconsolidated related parties to employees of the Company and certain compensation and administrative expenses. Transaction-related charges include equity-based compensation charges, the amortization of intangible assets, contingent consideration and certain other charges associated with acquisitions.

The following table reconciles total consolidated other income to total other income for Apollo's reportable segments.

	For the Three Months Ended September 30,	
	2018	2017
Total Consolidated Other Income	\$176,780	\$96,668
Reclassification of interest expense	(15,209)	(13,302)
Adjustments related to consolidated funds and VIEs ⁽¹⁾	(12,732)	(640)
Total Reportable Segments Other Income	\$148,839	\$82,726

(1) Represents the addition of other income of consolidated funds and VIEs.

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The following table presents the reconciliation of income before income tax provision reported in the condensed consolidated statements of operations to Economic Income.

	For the Three Months Ended September 30,	
	2018	2017
Income before income tax provision	\$ 381,784	\$ 450,905
Adjustments:		
Net income attributable to Non-Controlling Interests in consolidated entities	(11,340)	(1,048)
Transaction-related charges, net ⁽¹⁾	1,253	8,514
Total consolidation adjustments and other	(10,087)	7,466
Economic Income	\$ 371,697	\$ 458,371

(1) Transaction-related charges include equity-based compensation charges, the amortization of intangible assets, contingent consideration and certain other charges associated with acquisitions.

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The following tables present financial data for Apollo's reportable segments.

	As of and for the Nine Months Ended September 30, 2018			
	Credit Segment	Private Equity Segment	Real Assets Segment	Total Reportable Segments
Revenues:				
Management fees	\$564,164	\$317,276	\$56,532	\$937,972
Advisory and transaction fees, net	6,942	29,817	4,787	41,546
Performance fees ⁽¹⁾ :				
Unrealized ⁽²⁾	30,464	(403,235)	(585)	(373,356)
Realized	102,644	408,662	6,487	517,793
Total performance fees	133,108	5,427	5,902	144,437
Principal investment income	23,100	3,902	924	27,926
Total Revenues ⁽³⁾	727,314	356,422	68,145	1,151,881
Expenses:				
Compensation and benefits:				
Salary, bonus and benefits	176,662	105,203	30,700	312,565
Equity-based compensation	29,563	21,552	2,227	53,342
Profit sharing expense:				
Unrealized	17,356	(122,716)	377	(104,983)
Realized	55,787	175,279	3,194	234,260
Equity-based ⁽⁴⁾	7,013	48,351	924	56,288
Total profit sharing expense	80,156	100,914	4,495	185,565
Total compensation and benefits	286,381	227,669	37,422	551,472
Non-compensation expenses:				
General, administrative and other	104,832	50,578	18,638	174,048
Placement fees	1,250	134	—	1,384
Total non-compensation expenses	106,082	50,712	18,638	175,432
Total Expenses ⁽³⁾	392,463	278,381	56,060	726,904
Other Loss:				
Net gains from investment activities	10,489	10,060	11	20,560
Net interest loss	(15,211)	(11,464)	(3,123)	(29,798)
Other income (loss), net	2,782	(1,481)	641	1,942
Total Other Loss ⁽³⁾	(1,940)	(2,885)	(2,471)	(7,296)
Non-Controlling Interests	(3,766)	—	—	(3,766)
Economic Income ⁽³⁾	\$329,145	\$75,156	\$9,614	\$413,915
Total Assets ⁽³⁾	\$2,828,917	\$2,691,289	\$233,728	\$5,753,934

(1) Performance fees includes performance allocations and incentive fees.

(2) Included in unrealized performance fees for the nine months ended September 30, 2018 was a reversal of previously realized performance fees due to the general partner obligation to return previously distributed performance fees.

(3) Refer below for a reconciliation of total revenues, total expenses, other loss and total assets for Apollo's total reportable segments to total consolidated revenues, total consolidated expenses, total consolidated other income and total assets.

(4) Relates to amortization of equity-based awards granted under certain profit sharing arrangements.

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NOTES TO CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

(dollars in thousands, except share data, except where noted)

	For the Nine Months Ended September 30, 2017			
	Credit Segment	Private Equity Segment	Real Assets Segment	Total Reportable Segments
Revenues:				
Management fees	\$516,083	\$230,752	\$54,560	\$801,395
Advisory and transaction fees, net	10,484	41,646	2,775	54,905
Performance fees ⁽¹⁾ :				
Unrealized ⁽²⁾	37,422	351,836	(1,639)	387,619
Realized	120,186	313,817	12,224	446,227
Total performance fees	157,608	665,653	10,585	833,846
Principal investment income	20,561	81,951	1,935	104,447
Total Revenues ⁽³⁾	704,736	1,020,002	69,855	1,794,593
Expenses:				
Compensation and benefits:				
Salary, bonus and benefits	173,153	93,230	27,905	294,288
Equity-based compensation	28,255	21,134	1,980	51,369
Profit sharing expense:				
Unrealized	17,408	117,025	(2,848)	131,585
Realized	51,168	145,783	6,528	203,479
Equity-based	1,387	1,270	—	2,657
Total profit sharing expense	69,963	264,078	3,680	337,721
Total compensation and benefits	271,371	378,442	33,565	683,378
Non-compensation expenses:				
General, administrative and other	99,559	53,676	15,299	168,534
Placement fees	8,828	3,732	—	12,560
Total non-compensation expenses	108,387	57,408	15,299	181,094
Total Expenses ⁽³⁾	379,758	435,850	48,864	864,472
Other Income (Loss):				
Net gains from investment activities	91,365	11,255	—	102,620
Net interest loss	(18,978)	(12,952)	(3,634)	(35,564)
Other income, net	16,888	25,915	2,347	45,150
Total Other Income (Loss) ⁽³⁾	89,275	24,218	(1,287)	112,206
Non-Controlling Interests	(3,244)	—	—	(3,244)
Economic Income ⁽³⁾	\$411,009	\$608,370	\$19,704	\$1,039,083

(1) Performance fees includes performance allocations and incentive fees.

(2) Included in unrealized performance fees for the nine months ended September 30, 2017 was a reversal of previously realized performance fees due to the general partner obligation to return previously distributed performance fees.

(3) Refer below for a reconciliation of total revenues, total expenses and other income (loss) for Apollo's total reportable segments to total consolidated revenues, total consolidated expenses and total consolidated other income.

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NOTES TO CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

(dollars in thousands, except share data, except where noted)

The following table reconciles total consolidated revenues to total revenues for Apollo's reportable segments:

	For the Nine Months Ended September 30,	
	2018	2017
Total Consolidated Revenues	\$1,207,950	\$1,843,532
Equity awards granted by unconsolidated related parties, reimbursable expenses and other ⁽¹⁾	(62,132)	(53,234)
Adjustments related to consolidated funds and VIEs ⁽¹⁾	6,063	4,295
Total Reportable Segments Revenues	\$1,151,881	\$1,794,593
Represents advisory fees, management fees and performance fees earned from consolidated VIEs which are eliminated in consolidation. Includes non-cash revenues related to equity awards granted by unconsolidated related parties to employees of the Company and certain compensation and administrative related expense reimbursements.		

The following table reconciles total consolidated expenses to total expenses for Apollo's reportable segments:

	For the Nine Months Ended September 30,	
	2018	2017
Total Consolidated Expenses	\$828,996	\$967,997
Equity awards granted by unconsolidated related parties, reimbursable expenses and other ⁽¹⁾	(61,724)	(53,234)
Transaction-related compensation charges, net ⁽¹⁾	6,756	(6,409)
Reclassification of interest expenses	(44,168)	(39,496)
Amortization of transaction-related intangibles ⁽¹⁾	(2,956)	(4,386)
Total Reportable Segments Expenses	\$726,904	\$864,472
Represents the addition of expenses of consolidated funds and VIEs, transaction-related charges, non-cash expenses related to equity awards granted by unconsolidated related parties to employees of the Company and certain compensation and administrative expenses. Transaction-related charges include equity-based compensation charges, the amortization of intangible assets, contingent consideration and certain other charges associated with acquisitions.		

The following table reconciles total consolidated other income to total other income (loss) for Apollo's reportable segments:

	For the Nine Months Ended September 30,	
	2018	2017
Total Consolidated Other Income	\$64,796	\$161,726
Reclassification of interest expense	(44,168)	(39,496)
Adjustments related to consolidated funds and VIEs ⁽¹⁾	(27,924)	(10,024)
Total Reportable Segments Other Income (Loss)	\$(7,296)	\$112,206

(1) Represents the addition of other income of consolidated funds and VIEs.

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NOTES TO CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

(dollars in thousands, except share data, except where noted)

The following table presents the reconciliation of income before income tax provision reported in the condensed consolidated statements of operations to Economic Income:

	For the Nine Months Ended September 30,	
	2018	2017
Income before income tax provision	\$443,750	\$1,037,261
Adjustments:		
Transaction-related charges ⁽¹⁾	(3,800)	10,789
Net income attributable to Non-Controlling Interests in consolidated entities and appropriated partners' capital	(26,035)	(8,967)
Total consolidation adjustments and other	(29,835)	1,822
Economic Income	\$413,915	\$1,039,083

(1) Transaction-related charges include equity-based compensation charges, the amortization of intangible assets, contingent consideration and certain other charges associated with acquisitions.

The following table presents the reconciliation of Apollo's total reportable segment assets to total assets:

	As of September 30, 2018	As of December 31, 2017
Total reportable segment assets	\$5,753,934	\$5,740,943
Adjustments ⁽¹⁾	1,218,224	1,250,127
Total assets	\$6,972,158	\$6,991,070

(1) Represents the addition of assets of consolidated funds and VIEs and consolidation elimination adjustments.

16. SUBSEQUENT EVENTS

On October 31, 2018, the Company declared a cash distribution of \$0.46 per Class A share, which will be paid on November 30, 2018 to holders of record on November 20, 2018.

On October 31, 2018, the Company declared a cash distribution of \$0.398438 per Series A Preferred share and Series B Preferred share which will be paid on December 17, 2018 to holders of record on November 30, 2018.

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ITEM 1A. UNAUDITED SUPPLEMENTAL PRESENTATION OF STATEMENTS OF FINANCIAL CONDITION

APOLLO GLOBAL MANAGEMENT, LLC

CONSOLIDATING STATEMENTS OF FINANCIAL CONDITION (Unaudited)

(dollars in thousands, except share data)

	As of September 30, 2018			
	Apollo Global Management, LLC and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Assets:				
Cash and cash equivalents	\$854,570	\$4	\$ —	\$854,574
Restricted cash	3,460	—	—	3,460
U.S. Treasury securities, at fair value	390,448	—	—	390,448
Investments	3,487,760	665	(73,260)	3,415,165
Assets of consolidated variable interest entities:				
Cash and cash equivalents	—	53,295	—	53,295
Investments, at fair value	—	1,202,497	(312)	1,202,185
Other assets	—	45,749	—	45,749
Incentive fees receivable	7,710	—	—	7,710
Due from related parties	345,552	—	(9,774)	335,778
Deferred tax assets, net	348,588	—	—	348,588
Other assets	208,117	—	(640)	207,477
Goodwill	88,852	—	—	88,852
Intangible assets, net	18,877	—	—	18,877
Total Assets	\$5,753,934	\$1,302,210	\$ (83,986)	\$6,972,158
Liabilities and Shareholders' Equity				
Liabilities:				
Accounts payable and accrued expenses	\$82,008	\$ —	\$ —	\$82,008
Accrued compensation and benefits	159,516	—	—	159,516
Deferred revenue	182,045	—	—	182,045
Due to related parties	412,862	—	—	412,862
Profit sharing payable	684,594	—	—	684,594
Debt	1,361,024	—	—	1,361,024
Liabilities of consolidated variable interest entities:				
Debt, at fair value	—	925,543	(44,973)	880,570
Other liabilities	—	73,959	(270)	73,689
Due to related parties	—	1,789	(1,789)	—
Other liabilities	142,021	—	—	142,021
Total Liabilities	3,024,070	1,001,291	(47,032)	3,978,329
Shareholders' Equity:				
Apollo Global Management, LLC shareholders' equity:				
Series A Preferred shares	264,398	—	—	264,398
Series B Preferred shares	289,815	—	—	289,815
Additional paid in capital	1,350,331	—	—	1,350,331
Accumulated deficit	(273,535)	8,313	(8,313)	(273,535)

Explanation of Responses:

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Accumulated other comprehensive loss	(3,402)	(2,092)	1,894	(3,600)
Total Apollo Global Management, LLC shareholders' equity	1,627,607	6,221	(6,419)	1,627,409
Non-Controlling Interests in consolidated entities	7,216	294,698	(30,535)	271,379
Non-Controlling Interests in Apollo Operating Group	1,095,041	—	—	1,095,041
Total Shareholders' Equity	2,729,864	300,919	(36,954)	2,993,829
Total Liabilities and Shareholders' Equity	\$5,753,934	\$1,302,210	\$ (83,986)	\$6,972,158

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APOLLO GLOBAL MANAGEMENT, LLC
CONSOLIDATING STATEMENTS OF FINANCIAL CONDITION (Unaudited)
(dollars in thousands, except share data)

	As of December 31, 2017			
	Apollo Global Management, LLC and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Assets:				
Cash and cash equivalents	\$ 751,252	\$ 21	\$ —	\$ 751,273
Restricted cash	3,875	—	—	3,875
U.S. Treasury securities, at fair value	364,649	—	—	364,649
Investments	3,637,042	854	(78,062)	) 3,559,834
Assets of consolidated variable interest entities:				
Cash and cash equivalents	—	92,912	—	92,912
Investments, at fair value	—	1,196,512	(322)	) 1,196,190
Other assets	—	39,484	—	39,484
Incentive fees receivable	43,176	—	—	43,176
Due from related parties	263,572	—	(984)	) 262,588
Deferred tax assets	337,638	—	—	337,638
Other assets	232,045	5	(293)	) 231,757
Goodwill	88,852	—	—	88,852
Intangible assets, net	18,842	—	—	18,842
Total Assets	\$ 5,740,943	\$ 1,329,788	\$ (79,661)	) \$ 6,991,070
Liabilities and Shareholders' Equity				
Liabilities:				
Accounts payable and accrued expenses	\$ 68,873	\$ —	\$ —	\$ 68,873
Accrued compensation and benefits	62,474	—	—	62,474
Deferred revenue	128,146	—	—	128,146
Due to related parties	428,013	—	—	428,013
Profit sharing payable	752,276	—	—	752,276
Debt	1,362,402	—	—	1,362,402
Liabilities of consolidated variable interest entities:				
Debt, at fair value	—	1,049,235	(47,172)	) 1,002,063
Other liabilities	—	115,951	(293)	) 115,658
Due to related parties	—	2,719	(2,719)) —
Other liabilities	173,369	—	—	173,369
Total Liabilities	2,975,553	1,167,905	(50,184)	) 4,093,274
Shareholders' Equity:				
Apollo Global Management, LLC shareholders' equity:				
Series A Preferred shares	264,398	—	—	264,398
Additional paid in capital	1,579,797	—	—	1,579,797
Accumulated deficit	(379,461)	) 9,037	(9,036)	) (379,460)
Accumulated other comprehensive loss	(1,878)	) (381)	) 450	) (1,809)
Total Apollo Global Management, LLC shareholders' equity	1,462,856	8,656	(8,586)	) 1,462,926
Non-Controlling Interests in consolidated entities	7,750	153,227	(20,891)) 140,086

Explanation of Responses:

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Non-Controlling Interests in Apollo Operating Group	1,294,784	—	—	1,294,784
Total Shareholders' Equity	2,765,390	161,883	(29,477)	2,897,796
Total Liabilities and Shareholders' Equity	\$5,740,943	\$1,329,788	\$ (79,661)	\$6,991,070

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with Apollo Global Management, LLC's condensed consolidated financial statements and the related notes included within this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements due to a number of factors, including those included in the section entitled "Risk Factors" in our Form 10-K for the year ended December 31, 2017 filed with the SEC on February 12, 2018 (the "2017 Annual Report"). The highlights listed below have had significant effects on many items within our condensed consolidated financial statements and affect the comparison of the current period's activity with those of prior periods.

General

Our Businesses

Founded in 1990, Apollo is a leading global alternative investment manager. We are a contrarian, value-oriented investment manager in credit, private equity and real assets with significant distressed expertise and a flexible mandate in the majority of our funds which enables our funds to invest opportunistically across a company's capital structure. We raise, invest and manage funds on behalf of some of the world's most prominent pension, endowment and sovereign wealth funds as well as other institutional and individual investors. Apollo is led by our Managing Partners, Leon Black, Joshua Harris and Marc Rowan, who have worked together for more than 32 years and lead a team of 1,118 employees, including 408 investment professionals, as of September 30, 2018.

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

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

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

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

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

As of September 30, 2018, we had total AUM of \$270.2 billion across all of our businesses. More than 90% of our total AUM was in funds with a contractual life at inception of seven years or more, and 47% of such AUM was in permanent capital vehicles. For our credit segment, total gross and net returns, excluding Athene and Athora assets that are managed or advised by Apollo but not directly invested in Apollo funds and investment vehicles or sub-advised by Apollo, were 1.7% and 1.4%, respectively, for the three months ended September 30, 2018 and 4.3% and 3.5%, respectively, for the nine months ended September 30, 2018.

As of December 31, 2017, Fund IX held its final closing, raising a total of \$23.5 billion in third-party capital and approximately \$1.2 billion of additional capital from Apollo and affiliated investors for total commitments of \$24.7

billion. On

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December 31, 2013, Fund VIII held a final closing raising a total of \$17.5 billion in third-party capital and approximately \$880 million of additional capital from Apollo and affiliated investors, and as of September 30, 2018, Fund VIII had \$4.1 billion of uncalled commitments remaining. Additionally, Fund VII held a final closing in December 2008, raising a total of \$14.7 billion, and as of September 30, 2018, Fund VII had \$2.1 billion of uncalled commitments remaining. We have consistently produced attractive long-term investment returns in our traditional private equity funds, generating a 39% gross IRR and a 25% net IRR on a compound annual basis from inception through September 30, 2018. Apollo's private equity fund appreciation (depreciation) was 2.3% and 1.2% for the three and nine months ended September 30, 2018, respectively.

For our real assets segment, total combined gross and net returns for AGRE U.S. Real Estate Fund, L.P. ("U.S. RE Fund I") and Apollo U.S. RE Fund II, L.P. ("U.S. RE Fund II") including co-investment capital were 4.6% and 3.9%, respectively, for the three months ended September 30, 2018 and 10.5% and 8.9%, respectively, for the nine months ended September 30, 2018.

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

Holding Company Structure

The diagram below depicts our current organizational structure:

Note: The organizational structure chart above depicts a simplified version of the Apollo structure. It does not include all legal entities in the structure. Ownership percentages are as of November 2, 2018.

(1) The Strategic Investor holds 8.7% of the Class A shares outstanding and 4.3% of the economic interests in the Apollo Operating Group. The Class A shares held by investors other than the Strategic Investor represent 47.6% of the total voting power of our shares entitled to vote and 45.6% of the economic interests in the Apollo Operating Group. Class A shares held by the Strategic Investor do not have voting rights. However, such Class A shares will become entitled to vote upon transfers by the Strategic Investor in accordance with the agreements entered into in connection with the investments made by the Strategic Investor.

(2) Our Managing Partners own BRH Holdings GP, Ltd., which in turn holds our only outstanding Class B share. The Class B share represents 52.4% of the total voting power of our shares entitled to vote but no economic interest in Apollo Global Management, LLC. Our Managing Partners' economic interests are instead represented by their indirect beneficial ownership, through Holdings, of 45.5% of the limited partner interests in the Apollo Operating Group.

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

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Holdings owns 50.1% of the limited partner interests in each Apollo Operating Group entity. The AOG Units held by Holdings are exchangeable for Class A shares. Our Managing Partners, through their interests in BRH and (4) Holdings, beneficially own 45.5% of the AOG Units. Our Contributing Partners, through their ownership interests in Holdings, beneficially own 4.6% of the AOG Units.

BRH Holdings GP, Ltd. is the sole member of AGM Management, LLC, our manager. The management of Apollo (5) Global Management, LLC is vested in our manager as provided in our operating agreement.

Represents 49.9% of the limited partner interests in each Apollo Operating Group entity, held through the (6) intermediate holding companies. Apollo Global Management, LLC, also indirectly owns 100% of the general partner interests in each Apollo Operating Group entity.

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

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

We are a holding company that is qualified as a partnership for U.S. federal income tax purposes. Our intermediate holding companies enable us to maintain our partnership status and to meet the qualifying income exception.

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

Business Environment

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

In the U.S., the S&P 500 Index increased by 7.2% in the third quarter of 2018, following an increase of 2.9% in the second quarter of 2018. Outside the U.S., global equity markets appreciated during the third quarter of 2018. The MSCI All Country World ex USA Index increased 1.0% following a decrease of 0.6% in the second quarter of 2018. Conditions in the credit markets also have a significant impact on our business. Credit markets were positive in the third quarter of 2018, with the BofAML HY Master II Index increasing 2.4% while the S&P/LSTA Leveraged Loan Index increased 1.8%. Benchmark interest rates finished the quarter higher from where they were at the end of the second quarter of 2018, as the Federal Reserve raised the target rate 0.25% in the quarter, the eighth rate hike since December 2015, and indicated that one more increase is likely in December 2018. The U.S. 10-year Treasury yield rose slightly to finish the quarter at 3.1%.

Foreign exchange rates can materially impact the valuations of our investments and those of our funds that are denominated in currencies other than the U.S. dollar. Relative to the U.S. dollar, the Euro depreciated 0.7% in the third quarter of 2018, after depreciating by 5.2% in the second quarter of 2018, while the British pound depreciated by 1.3% in the third quarter of 2018, after depreciating by 5.8% in the second quarter of 2018. Commodities generally depreciated in the third quarter of 2018, with gold, copper, wheat, and sugar decreasing, while natural gas appreciated. The price of crude oil decreased 1.2% during the third quarter, following four consecutive quarters of appreciation. In terms of economic conditions in the U.S., the Bureau of Economic Analysis reported real GDP increased at an annual rate of 3.5% in the third quarter of 2018, slightly lower than the 4.1% growth experienced in the second quarter of 2018. As of October 2018, The International Monetary Fund estimated that the U.S. economy will expand by 2.9% in 2018 and 2.5% in 2019. Additionally, the U.S. unemployment rate stood at 3.7% as of September 30, 2018, a nearly 50-year low.

Regardless of the market or economic environment at any given time, Apollo relies on its contrarian, value-oriented approach to consistently invest capital on behalf of its fund investors by focusing on opportunities that management believes are often overlooked by other investors. As such, Apollo's global integrated investment platform deployed \$2.2 billion and \$15.9 billion of capital through the funds it manages during the three and twelve months ended September 30, 2018, respectively. We believe Apollo's expertise in credit and its focus on nine core industry sectors, combined with more than 28 years of investment experience, has allowed Apollo to respond quickly to changing

environments. Apollo's core industry sectors include chemicals, manufacturing and industrial, natural resources, consumer and retail, consumer services, business services, financial services, leisure, and media/telecom/technology. Apollo believes that these attributes have contributed to the success of its private equity funds investing in buyouts and credit opportunities during both expansionary and recessionary economic periods.

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In general, institutional investors continue to allocate capital towards alternative investment managers for more attractive risk-adjusted returns in a low interest rate environment, and we believe the business environment remains generally accommodative to raise larger successor funds, launch new products, and pursue attractive strategic growth opportunities, such as continuing to grow the assets of our permanent capital vehicles. As such, Apollo had \$6.0 billion and \$45.9 billion of capital inflows during the three and twelve months ended September 30, 2018, respectively. While Apollo continues to attract capital inflows, it also continues to generate realizations for fund investors. Apollo returned \$1.7 billion and \$13.4 billion of capital and realized gains to the investors in the funds it manages during the three and twelve months ended September 30, 2018, respectively.

Managing Business Performance

We believe that the presentation of Economic Income, or “EI”, supplements a reader’s understanding of the economic operating performance of each of our segments.

Economic Income (Loss)

EI has certain limitations in that it does not take into account certain items included under U.S. GAAP. EI represents segment income before income tax provision excluding transaction-related charges arising from the 2007 private placement, and any acquisitions. Transaction-related charges includes equity-based compensation charges, the amortization of intangible assets, contingent consideration and certain other charges associated with acquisitions. In addition, EI excludes non-cash revenue and expense related to equity awards granted by unconsolidated related parties to employees of the Company, compensation and administrative related expense reimbursements, as well as the assets, liabilities and operating results of the funds and variable interest entities (“VIEs”) that are included in the condensed consolidated financial statements. We believe the exclusion of the non-cash charges related to the 2007 Reorganization for equity-based compensation provides investors with a meaningful indication of our performance because these charges relate to the equity portion of our capital structure and not our core operating performance. EI also excludes impacts of the remeasurement of the tax receivable agreement which arises from changes in the associated deferred tax balance, including the impacts related to the Tax Cuts and Jobs Act (the “TCJA”).

Economic Net Income (“ENI”) represents EI adjusted to reflect income tax provision on EI that has been calculated assuming that all income is allocated to Apollo Global Management, LLC, which would occur following an exchange of all AOG Units for Class A shares of Apollo Global Management, LLC. ENI excludes the impacts of the remeasurement of deferred tax assets and liabilities which arises from changes in estimated future tax rates, including impacts related to the TCJA. The economic assumptions and methodologies that impact the implied income tax provision are similar to those methodologies and certain assumptions used in calculating the income tax provision for Apollo’s condensed consolidated statements of operations under U.S. GAAP. ENI is net of preferred distributions, if any, to Series A and Series B Preferred shareholders.

We believe that EI is helpful for an understanding of our business and that investors should review the same supplemental financial measure that management uses to analyze our segment performance. This measure supplements and should be considered in addition to and not in lieu of the results of operations discussed below in “—Overview of Results of Operations” that have been prepared in accordance with U.S. GAAP. See note 15 to the condensed consolidated financial statements for more details regarding management’s consideration of EI.

EI may not be comparable to similarly titled measures used by other companies and is not a measure of performance calculated in accordance with U.S. GAAP. We use EI as a measure of operating performance, not as a measure of liquidity. EI should not be considered in isolation or as a substitute for net income or other income data prepared in accordance with U.S. GAAP. The use of EI without consideration of related U.S. GAAP measures is not adequate due to the adjustments described above. Management compensates for these limitations by using EI as a supplemental measure to U.S. GAAP results, to provide a more complete understanding of our performance as management measures it. A reconciliation of EI to its most directly comparable U.S. GAAP measure of income before income tax provision can be found in the notes to our condensed consolidated financial statements.

Management believes that excluding the remeasurement of the tax receivable agreement and deferred taxes from EI and ENI, respectively, is meaningful as it increases comparability between periods. Remeasurement of the tax receivable agreement and deferred taxes are estimates, and may change due to changes in interpretations and assumptions based on additional guidance that may be issued pertaining to the TCJA.

Fee Related Earnings

Fee Related Earnings (“FRE”) is derived from our segment reported results and refers to a component of EI that is used as a supplemental performance measure to assess whether revenues that we believe are generally more stable and predictable in nature, primarily consisting of management fees, are sufficient to cover associated operating expenses and generate profits. FRE

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is the sum across all segments of (i) management fees, (ii) advisory and transaction fees, (iii) performance fees earned from business development companies and (iv) other income, net, less (x) salary, bonus and benefits, excluding equity-based compensation, (y) other associated operating expenses and (z) non-controlling interests in the management companies of certain funds the Company manages.

Distributable Earnings

Distributable Earnings (“DE”), as well as DE After Taxes and Related Payables are derived from our segment reported results, and are supplemental non-U.S. GAAP measures to assess performance and the amount of earnings available for distribution to Class A shareholders, holders of RSUs that participate in distributions and holders of AOG Units. DE represents the amount of net realized earnings without the effects of the consolidation of any of the related funds. DE, which is a component of EI, is the sum across all segments of (i) total management fees and advisory and transaction fees, (ii) other income (loss), (iii) realized performance fees, excluding realizations received in the form of shares and (iv) realized investment income, less (x) compensation expense, excluding the expense related to equity-based awards, (y) realized profit sharing expense, and (z) non-compensation expenses, excluding depreciation and amortization expense. DE After Taxes and Related Payables represents DE less estimated current corporate, local and non-U.S. taxes as well as the payable under Apollo’s tax receivable agreement. DE After Taxes and Related Payables is net of preferred distributions, if any, to Series A and Series B Preferred shareholders. A reconciliation of DE and EI to their most directly comparable U.S. GAAP measure of income before income tax provision can be found in “—Summary of Non-U.S. GAAP Measures”.

Fee Related EBITDA

Fee related EBITDA is a non-U.S. GAAP measure derived from our segment reported results and is used to assess the performance of our operations as well as our ability to service current and future borrowings. Fee related EBITDA represents FRE plus amounts for depreciation and amortization. “Fee related EBITDA +100% of net realized performance fees” represents fee-related EBITDA plus realized performance fees less realized profit sharing. We use FRE, DE and Fee related EBITDA as measures of operating performance, not as measures of liquidity. These measures should not be considered in isolation or as a substitute for net income or other income data prepared in accordance with U.S. GAAP. The use of these measures without consideration of their related U.S. GAAP measures is not adequate due to the adjustments described above.

Operating Metrics

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

Assets Under Management

The tables below present Fee-Generating and Non-Fee-Generating AUM by segment:

	As of September 30, 2018			
	Credit	Private Equity	Real Assets	Total
	(in millions)			
Fee-Generating	\$148,326	\$44,007	\$11,276	\$203,609
Non-Fee-Generating	34,314	28,150	4,107	66,571
Total Assets Under Management	\$182,640	\$72,157	\$15,383	\$270,180
	As of September 30, 2017			
	Credit	Private Equity	Real Assets	Total
	(in millions)			
Fee-Generating	\$126,907	\$30,067	\$9,284	\$166,258
Non-Fee-Generating	31,018	40,402	3,887	75,307
Total Assets Under Management	\$157,925	\$70,469	\$13,171	\$241,565

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	As of December 31, 2017			
	Credit	Private Equity	Real Assets	Total
	(in millions)			
Fee-Generating	\$130,150	\$29,792	\$9,023	\$168,965
Non-Fee-Generating	33,963	42,640	3,360	79,963
Total Assets Under Management	\$164,113	\$72,432	\$12,383	\$248,928

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

	As of September 30, 2018	As of September 30, 2017	As of December 31, 2017
	(in millions)		
Credit	\$10,974	\$8,565	\$10,057
Private Equity	8,344	25,796	25,912
Real Assets	929	874	464
Total AUM with Future Management Fee Potential	\$20,247	\$35,235	\$36,433

The following tables present the components of Performance Fee-Eligible AUM for each of Apollo's three segments:

	As of September 30, 2018			
	Credit ⁽¹⁾	Private Equity	Real Assets	Total
	(in millions)			
Performance Fee-Generating AUM	\$35,350	\$25,518	\$658	\$61,526
AUM Not Currently Generating Performance Fees	9,805	1,721	644	12,170
Uninvested Performance Fee-Eligible AUM	12,974	33,598	1,439	48,011
Total Performance Fee-Eligible AUM	\$58,129	\$60,837	\$2,741	\$121,707

	As of September 30, 2017			
	Credit	Private Equity	Real Assets	Total
	(in millions)			
Performance Fee-Generating AUM	\$26,634	\$25,213	\$803	\$52,650
AUM Not Currently Generating Performance Fees	15,722	492	395	16,609
Uninvested Performance Fee-Eligible AUM	11,927	34,290	1,281	47,498
Total Performance Fee-Eligible AUM	\$54,283	\$59,995	\$2,479	\$116,757

	As of December 31, 2017			
	Credit	Private Equity	Real Assets	Total
	(in millions)			
Performance Fee-Generating AUM	\$25,814	\$26,775	\$694	\$53,283
AUM Not Currently Generating Performance Fees	17,901	494	437	18,832
Uninvested Performance Fee-Eligible AUM	11,607	33,412	923	45,942
Total Performance Fee-Eligible AUM	\$55,322	\$60,681	\$2,054	\$118,057

As of September 30, 2018, \$4.7 billion of the performance-fee generating AUM is currently above its hurdle rate or preferred return, but in accordance with the adoption of the revenue recognition standard effective January 1, 2018, recognition of performance fees associated with such performance-fee generating AUM has been deferred to future periods when the fees are probable to not be significantly reversed.

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The following table presents AUM Not Currently Generating Performance Fees for funds that have commenced investing capital for more than 24 months as of September 30, 2018 and the corresponding appreciation required to reach the preferred return or high watermark in order to generate performance fees:

Category / Fund	Invested AUM Not Currently Generating Performance Fees (in millions)	Investment Period Active > 24 Months	Appreciation Required to Achieve Performance Fees ⁽¹⁾
Credit:			
Drawdown	\$3,643	\$ 2,676	48%
		3,510	< 250bps
Liquid/Performing	5,828	—	250-500bps
		360	> 500bps
Athora Non-Sub-Advised	334	—	< 250bps
Total Credit	9,805	6,546	22%
Private Equity:			
ANRP I	533	533	13%
Other PE	1,188	904	11%
Total Private Equity	1,721	1,437	12%
Real Assets:			
Total Real Assets	644	482	> 250bps
Total	\$12,170	\$ 8,465	

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

The components of Fee-Generating AUM by segment are presented below:

	As of September 30, 2018			
	Credit	Private Equity	Real Assets	Total
	(in millions)			
Fee-Generating AUM based on capital commitments	\$8,058	\$26,983	\$784	\$35,825
Fee-Generating AUM based on invested capital	4,686	16,078	5,443	26,207
Fee-Generating AUM based on gross/adjusted assets	114,882	903	4,998	120,783
Fee-Generating AUM based on NAV	20,700	43	51	20,794
Total Fee-Generating AUM	\$148,326	\$44,007 ⁽¹⁾	\$11,276	\$203,609

⁽¹⁾ The weighted average remaining life of the private equity funds excluding permanent capital vehicles at September 30, 2018 was 82 months.

	As of September 30, 2017			
	Credit	Private Equity	Real Assets	Total
	(in millions)			
Fee-Generating AUM based on capital commitments	\$8,749	\$21,803	\$784	\$31,336
Fee-Generating AUM based on invested capital	6,696	7,443	4,882	19,021
Fee-Generating AUM based on gross/adjusted assets	94,159	821	3,563	98,543
Fee-Generating AUM based on NAV	17,303	—	55	17,358
Total Fee-Generating AUM	\$126,907	\$30,067 ⁽¹⁾	\$9,284	\$166,258

Explanation of Responses:

(1) The weighted average remaining life of the private equity funds excluding permanent capital vehicles at September 30, 2017 was 59 months.

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	As of December 31, 2017			
	Credit	Private Equity	Real Assets	Total
	(in millions)			
Fee-Generating AUM based on capital commitments	\$8,771	\$21,803	\$784	\$31,358
Fee-Generating AUM based on invested capital	6,186	7,197	4,535	17,918
Fee-Generating AUM based on gross/adjusted assets	97,514	792	3,658	101,964
Fee-Generating AUM based on NAV	17,679	—	46	17,725
Total Fee-Generating AUM	\$130,150	\$29,792 ⁽¹⁾	\$9,023	\$168,965

⁽¹⁾ The weighted average remaining life of the private equity funds excluding permanent capital vehicles at December 31, 2017 was 57 months.

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

	Total AUM		Fee-Generating AUM			
	As of		As of		As of	
	September 30,	September 30,	December 31,	September 30,	December 31,	December 31,
	2018	2017	2017	2018	2017	2017
	(in millions)					
Liquid/Performing	\$49,977	\$41,765	\$43,306	\$38,155	\$36,176	\$36,863
Drawdown	27,000	27,223	28,468	14,881	17,253	16,778
MidCap, AINV, AFT, AIF	13,737	12,978	13,428	13,191	12,165	12,623
Athene Non-Sub-Advised ⁽¹⁾	78,351	57,029	59,670	78,351	57,029	59,670
Athora Non-Sub-Advised ⁽¹⁾	6,040	6,747	6,719	3,748	4,284	4,216
Advisory	7,535	12,183	12,522	—	—	—
Total	\$182,640	\$157,925	\$164,113	\$148,326	\$126,907	\$130,150

The Company refers to the portion of the AUM related to Athora that is not sub-advised by Apollo or invested in funds and or investment vehicles managed by Apollo as “Athora Non-Sub-Advised” AUM. Athene ⁽¹⁾Non-Sub-Advised AUM and Athora Non-Sub-Advised AUM reflects total combined AUM of \$107.0 billion less \$22.6 billion of assets that were either sub-advised by Apollo or invested in funds and investment vehicles managed by Apollo included within other asset categories.

Investment Management and Sub-Advisory Agreements - AAM

Apollo, through its consolidated subsidiary, AAM, provides asset management services to Athene with respect to assets in the Athene North American Accounts, including asset allocation services, direct asset management services, asset and liability matching management, mergers and acquisitions, asset diligence, hedging and other asset management services and receives management fees for providing these services. In addition, the Company, through AAM, provides sub-advisory services with respect to a portion of the assets in the Athene North American Accounts. See note 13 to the condensed consolidated financial statements for more details regarding the fee rates of the investment management, sub-advisory and other fee arrangements with respect to the assets in the Athene North American Accounts.

Investment Advisory and Sub-Advisory Agreements - AAME

Apollo, through AAME, provides investment advisory services with respect to certain assets in certain portfolio companies of Apollo funds and the Athora European Accounts and sub-advises certain assets in certain portfolio companies of Apollo funds and the Athora European Accounts. See note 13 to the condensed consolidated financial statements for more details regarding the fee rates of the investment advisory, sub-advisory and other fee arrangements with respect to the assets in the Athora European Accounts.

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The following table presents the Athene and Athora assets that were either sub-advised by Apollo or invested in funds and investment vehicles managed by Apollo:

	Total AUM		As of
	As of		December
	September 30,		31,
	2018	2017	2017
	(in millions)		
Credit			
Liquid/Performing	\$13,516	\$10,659	\$10,986
Drawdown	1,249	1,287	1,327
Total Credit	14,765	11,946	12,313
Private Equity	1,072	1,190	1,121
Real Assets			
Real Estate Debt	5,664	4,553	4,509
Real Estate Equity	1,118	407	488
Total Real Assets	6,782	4,960	4,997
Total	\$22,619	\$18,096	\$18,431

Athene and Athora Non-Sub-Advised AUM

The Company refers to the portion of the AUM in the Athene North American Accounts that is not Athene Sub-Advised AUM as “Athene Non-Sub-Advised” AUM. The Company refers to the portion of the Athora AUM that is not Athora Sub-Advised AUM as “Athora Non-Sub-Advised” AUM.

The following table presents the AUM for Athene and Athora:

	As of September 30, 2018		
	Sub-Advised	Non-Sub-Advised	Total
	AUM ⁽¹⁾	AUM	AUM
	(in millions)		
Athene	\$20,657	\$78,351	\$99,008
Athora	1,962	6,040	8,002
Total	\$22,619	\$84,391	\$107,010

(1) Of the total \$22.6 billion Athene Sub-Advised AUM and Athora Sub-Advised AUM as of September 30, 2018, \$3.5 billion was Athene Assets Directly Invested.

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

	Total AUM			Fee-Generating AUM		
	As of		As of	As of		As of
	September 30,		December	September 30,		December
	2018	2017	31,	2018	2017	2017
	(in millions)					
Traditional Private Equity Funds	\$54,863	\$56,823	\$57,250	\$38,154	\$23,842	\$23,580
Natural Resources	4,224	4,702	4,709	3,987	4,042	4,058
Other ⁽¹⁾	13,070	8,944	10,473	1,866	2,183	2,154
Total	\$72,157	\$70,469	\$72,432	\$44,007	\$30,067	\$29,792

(1) Includes co-investments contributed to Athene by AAA through its investment in AAA Investments as discussed in note 13 of the condensed consolidated financial statements.

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

	Total AUM		Fee-Generating AUM			
	As of September 30, 2018	2017	As of December 31, 2017	As of September 30, 2018	2017	As of December 31, 2017

Debt	\$11,695	\$9,835	\$9,965	\$8,938	\$7,436	\$7,451
Equity	3,688	3,336	2,418	2,338	1,848	1,572
Total	\$15,383	\$13,171	\$12,383	\$11,276	\$9,284	\$9,023

The following tables summarize changes in total AUM for each of Apollo's three segments:

	For the Three Months Ended September 30,							
	2018				2017			
	Credit	Private Equity	Real Assets	Total	Credit	Private Equity	Real Assets	Total
Change in Total AUM ⁽¹⁾ :								
Beginning of Period	\$183,426	\$71,731	\$14,295	\$269,452	\$151,033	\$67,798	\$13,009	\$231,840
Inflows	4,290	510	1,163	5,963	6,640	581	655	7,876
Outflows ⁽²⁾	(4,733)	—	—	(4,733)	(515)	—	(86)	(601)
Net Flows	(443)	510	1,163	1,230	6,125	581	569	7,275
Realizations	(787)	(749)	(213)	(1,749)	(981)	(384)	(335)	(1,700)
Market Activity ⁽³⁾⁽⁴⁾	444	665	138	1,247	1,748	2,474	(72)	4,150
End of Period	\$182,640	\$72,157	\$15,383	\$270,180	\$157,925	\$70,469	\$13,171	\$241,565

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

(2) Outflows for Total AUM include redemptions of \$1.3 billion and \$273.9 million during the three months ended September 30, 2018 and 2017, respectively.

(3) Includes foreign exchange impacts of \$(0.3) billion, \$(14.3) million and \$(3.8) million for credit, private equity and real assets, respectively, during the three months ended September 30, 2018.

(4) Includes foreign exchange impacts of \$1.0 billion, \$88.0 million and \$43.3 million for credit, private equity and real assets, respectively, during the three months ended September 30, 2017.

	For the Nine Months Ended September 30,							
	2018				2017			
	Credit	Private Equity	Real Assets	Total	Credit	Private Equity	Real Assets	Total

Change in Total AUM ⁽¹⁾ :								
Beginning of Period	\$164,113	\$72,432	\$12,383	\$248,928	\$136,607	\$43,628	\$11,453	\$191,688
Inflows	30,864	3,874	3,582	38,320	21,314	24,648	2,935	48,897
Outflows ⁽²⁾	(8,615)	(180)	—	(8,795)	(3,302)	(74)	(388)	(3,764)
Net Flows	22,249	3,694	3,582	29,525	18,012	24,574	2,547	45,133
Realizations	(4,644)	(3,145)	(922)	(8,711)	(2,125)	(2,794)	(1,114)	(6,033)
Market Activity ⁽³⁾	922	(824)	340	438	5,431	5,061	285	10,777
End of Period	\$182,640	\$72,157	\$15,383	\$270,180	\$157,925	\$70,469	\$13,171	\$241,565

(1)

Explanation of Responses:

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

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(2) Outflows for Total AUM include redemptions of \$1.6 billion and \$693.6 million during the nine months ended September 30, 2018 and 2017, respectively.

(3) Includes foreign exchange impacts of \$(1.1) billion, \$(47.8) million and \$(10.7) million for credit, private equity and real assets, respectively, during the nine months ended September 30, 2018, and foreign exchange impacts of \$2.8 billion, \$209.6 million and \$133.3 million for credit, private equity and real assets, respectively, during the nine months ended September 30, 2017.

Total AUM was \$270.2 billion at September 30, 2018, an increase of \$0.7 billion, or 0.3%, compared to \$269.5 billion at June 30, 2018. The net increase was primarily due to:

Net flows of \$1.2 billion primarily related to:

- a \$1.2 billion increase related to funds we manage in the real assets segment primarily consisting of net segment transfers of \$0.7 billion and the acquisition of management contracts for India-based funds of \$0.3 billion;
- a \$0.5 billion increase related to funds we manage in the private equity segment primarily consisting of net segment transfers of \$0.3 billion and subscriptions of \$0.2 billion; and
- a \$0.4 billion decrease related to funds we manage in the credit segment primarily consisting of a decrease in AUM relating to Advisory assets of \$2.2 billion, redemptions of \$1.3 billion and net segment transfers of \$1.0 billion, partially offset by subscriptions of \$2.3 billion and an increase in AUM relating to Athene of \$1.5 billion.

Market activity of \$1.2 billion primarily related to \$0.7 billion and \$0.4 billion of appreciation in the funds we manage in the private equity and credit segments, respectively.

Offsetting these increases were:

Realizations of \$1.7 billion primarily related to:

- \$0.8 billion related to funds we manage in the credit segment primarily consisting of distributions from our drawdown funds of \$0.6 billion;
- \$0.7 billion related to funds we manage in the private equity segment primarily consisting of distributions from Fund VIII of \$0.6 billion; and
- \$0.2 billion related to funds we manage in the real assets segment primarily consisting of distributions from our real estate debt funds of \$0.2 billion.

Total AUM was \$270.2 billion at September 30, 2018, an increase of \$21.3 billion, or 8.6%, compared to \$248.9 billion at December 31, 2017. The net increase was primarily due to:

Net flows of \$29.5 billion primarily related to:

- a \$22.2 billion increase related to funds we manage in the credit segment primarily consisting of an increase in AUM relating to Athene of \$22.7 billion as a result of its completion of the reinsurance transaction of the fixed annuity business of Voya Financial and subscriptions of \$5.8 billion, offset by a decrease in AUM relating to Advisory assets of \$3.7 billion driven by portfolio company activity and net segment transfers of \$3.0 billion;
- a \$3.7 billion increase related to funds we manage in the private equity segment consisting of subscriptions of \$3.2 billion primarily related to Apollo Hybrid Value Fund, L.P. (“Hybrid Value Fund”) and co-investments for Fund VIII transactions of \$2.4 billion and \$0.4 billion, respectively, and net segment transfers of \$0.3 billion; and
- a \$3.6 billion increase related to funds we manage in the real assets segment primarily consisting of net segment transfers of \$1.8 billion, subscriptions of \$0.9 billion and an increase in net leverage of \$0.7 billion.

Market activity of \$0.4 billion primarily related to:

- a \$0.9 billion and \$0.3 billion increase related to funds we manage in the credit and real assets segments, respectively, as a result of favorable market conditions;
- offset by a \$0.8 billion decrease related to funds we manage in the private equity segment as a result of depreciation in Fund VIII and co-investment vehicles.

Offsetting these increases were:

Realizations of \$8.7 billion primarily related to:

- \$4.6 billion related to funds we manage in the credit segment primarily consisting of distributions of \$1.3 billion, \$0.9 billion, \$1.1 billion and \$1.1 billion from Apollo Credit Opportunity Fund III, L.P. (“COF III”), Apollo European Principal Finance Fund II, L.P. (“EPF II”), other drawdown funds and liquid/performing funds, respectively;

\$3.1 billion related to funds we manage in the private equity segment primarily consisting of distributions of \$1.7 billion, \$0.5 billion and \$0.5 billion from Fund VIII, Fund VI and Natural Resources funds, respectively; and

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\$0.9 billion related to funds we manage in the real assets segment primarily consisting of distributions of \$0.7 billion from our real estate debt funds.

The following tables summarize changes in Fee-Generating AUM for each of Apollo's three segments:

	For the Three Months Ended September 30, 2018				2017			
	Credit	Private Equity	Real Assets	Total	Credit	Private Equity	Real Assets	Total
Change in Fee-Generating AUM ⁽¹⁾ :								
Beginning of Period	\$ 147,511	\$44,449	\$10,275	\$202,235	\$121,271	\$30,011	\$9,672	\$160,954
Inflows	3,766	277	1,175	5,218	6,699	71	252	7,022
Outflows ⁽²⁾	(3,192)	(528)	(52)	(3,772)	(1,418)	(32)	(349)	(1,799)
Net Flows	574	(251)	1,123	1,446	5,281	39	(97)	5,223
Realizations	(307)	(233)	(189)	(729)	(533)	—	(300)	(833)
Market Activity ⁽³⁾	548	42	67	657	888	17	9	914
End of Period	\$ 148,326	\$44,007	\$11,276	\$203,609	\$126,907	\$30,067	\$9,284	\$166,258

At the individual segment level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions and portfolio company appreciation. Outflows represent redemptions,

(1) other decreases in available capital and portfolio company depreciation. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

(2) Outflows for Fee-Generating AUM include redemptions of \$1.3 billion and \$191.3 million during the three months ended September 30, 2018 and 2017, respectively.

Includes foreign exchange impacts of \$(245.9) million, \$(0.8) million and \$(20.8) million for credit, private equity and real assets, respectively, during the three months ended September 30, 2018, and foreign exchange impacts of

(3) \$443.0 million and \$25.6 million for credit and real assets, respectively, during the three months ended September 30, 2017.

	For the Nine Months Ended September 30, 2018				2017			
	Credit	Private Equity	Real Assets	Total	Credit	Private Equity	Real Assets	Total
Change in Fee-Generating AUM ⁽¹⁾ :								
Beginning of Period	\$ 130,150	\$29,792	\$9,023	\$168,965	\$111,781	\$30,722	\$8,295	\$150,798
Inflows	28,558	24,869	2,634	56,061	18,194	303	2,082	20,579
Outflows ⁽²⁾	(8,835)	(10,088)	(52)	(18,975)	(4,601)	(557)	(364)	(5,522)
Net Flows	19,723	14,781	2,582	37,086	13,593	(254)	1,718	15,057
Realizations	(2,225)	(631)	(490)	(3,346)	(1,180)	(503)	(889)	(2,572)
Market Activity ⁽³⁾	678	65	161	904	2,713	102	160	2,975
End of Period	\$ 148,326	\$44,007	\$11,276	\$203,609	\$126,907	\$30,067	\$9,284	\$166,258

At the individual segment level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions and portfolio company appreciation. Outflows represent redemptions,

(1) other decreases in available capital and portfolio company depreciation. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

(2) Outflows for Fee-Generating AUM include redemptions of \$1.6 billion and \$570.3 million during the nine months ended September 30, 2018 and 2017, respectively.

- (3) Includes foreign exchange impacts of \$(686.0) million, \$(1.1) million and \$(15.3) million for credit, private equity and real assets, respectively, during the nine months ended September 30, 2018, and foreign exchange impacts of \$1.3 billion and \$64.7 million for credit and real assets, respectively, during the nine months ended September 30, 2017.

Total Fee-Generating AUM was \$203.6 billion at September 30, 2018, an increase of \$1.4 billion or 0.7%, compared to \$202.2 billion at June 30, 2018. The net increase was primarily due to:

Net flows of \$1.4 billion primarily related to:

- a \$1.1 billion increase related to funds we manage in the real assets segment primarily consisting of \$0.6 billion of net segment transfers and the acquisition of management contracts for India-based funds of \$0.3 million;

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a \$0.6 billion increase related to funds we manage in the credit segment primarily consisting of an increase in AUM relating to Athene of \$1.5 billion and subscriptions of \$1.3 billion related to our liquid/performing funds, offset by redemptions of \$1.3 billion and fee-generating capital reduction of \$0.9 billion; and

a \$0.3 billion decrease related to funds we manage in the private equity segment primarily consisting of fee-generating capital reduction of \$0.5 billion.

Market activity of \$0.7 billion primarily related to \$0.5 billion of appreciation in the funds we manage in the credit segment.

Offsetting these increases were:

Realizations of \$0.7 billion primarily related to:

\$0.3 billion related to funds we manage in the credit segment primarily driven by distributions of \$0.2 billion related to EPF II; and

\$0.2 billion related to funds we manage in the private equity segment primarily driven by distributions from our traditional private equity funds.

Total Fee-Generating AUM was \$203.6 billion at September 30, 2018, an increase of \$34.6 billion or 20.5%, compared to \$169.0 billion at December 31, 2017. The net increase was primarily due to:

Net flows of \$37.1 billion primarily related to:

a \$19.7 billion increase related to funds we manage in the credit segment primarily consisting of an increase in AUM relating to Athene of \$22.7 billion as a result of its completion of the reinsurance transaction of the fixed annuity business of Voya Financial and subscriptions of \$2.5 billion related to our liquid/performing funds, offset by fee-generating capital reduction of \$3.2 billion;

a \$14.8 billion increase related to funds we manage in the private equity segment primarily consisting of an increase of \$23.5 billion relating to the commencement of Fund IX's investment period, offset by a fee basis adjustment of \$5.7 billion in Fund VIII related to the commencement of Fund IX's investment period and a decrease of \$2.8 billion relating to the termination of the management fee with respect to Fund VI; and

a \$2.6 billion increase related to funds we manage in the real assets segment primarily consisting of net segment transfers of \$1.2 billion, \$0.6 billion of capital raised for real estate equity funds and the acquisition of management contracts for India-based funds of \$0.3 billion.

Market activity of \$0.9 billion primarily related to \$0.7 billion of appreciation in the funds we manage in the credit segment.

Offsetting these increases were:

Realizations of \$3.3 billion primarily related to:

\$2.2 billion related to funds we manage in the credit segment primarily driven by distributions from EPF II and a strategic investment account of \$0.9 billion and \$0.8 billion, respectively; and

\$0.6 billion related to funds we manage in the private equity segment driven by distributions from Fund VIII and Fund VII of \$0.4 billion and \$0.1 billion, respectively.

Capital Deployed and Uncalled Commitments

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

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

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Capital Deployed

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

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
	(in millions)		(in millions)	
Credit	\$814	\$1,430	\$2,938	\$3,577
Private Equity	399	1,129	3,254	3,417
Real Assets ⁽¹⁾	1,034	712	4,193	2,324
Total capital deployed	\$2,247	\$3,271	\$10,385	\$9,318

Included in capital deployed is \$1.0 billion and \$3.5 billion for the three and nine months ended September 30, (1)2018, respectively, and \$690 million and \$2.2 billion for the three and nine months ended September 30, 2017, respectively, related to real estate debt funds managed by Apollo.

Uncalled Commitments

The following table summarizes the uncalled commitments by segment:

	As of September 30, 2018	As of December 31, 2017
	(in millions)	
Credit	\$16,335	\$15,225
Private Equity	37,105	36,810
Real Assets	1,527	1,074
Total uncalled commitments ⁽¹⁾	\$54,967	\$53,109

As of September 30, 2018 and December 31, 2017, \$48.2 billion and \$47.6 billion, respectively, represented the amount of capital available for investment or reinvestment subject to the provisions of the applicable limited partnership agreements or other governing agreements of the funds, partnerships and accounts we manage. These amounts exclude uncalled commitments which can only be called for fund fees and expenses.

The Historical Investment Performance of Our Funds

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

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

An investment in our Class A shares is not an investment in any of the Apollo funds, and the assets and revenues of our funds are not directly available to us. The historical and potential future returns of the funds we manage are not directly linked to returns on our Class A shares. Therefore, you should not conclude that continued positive performance of the funds we manage will necessarily result in positive returns on an investment in our Class A shares. However, poor performance of the funds that we manage would cause a decline in our revenue from such funds, and would therefore have a negative effect on our performance and in all likelihood the value of our Class A shares. Moreover, the historical returns of our funds should not be considered indicative of the future results you should expect from such funds or from any future funds we may raise. There can be no assurance that any Apollo fund will continue to achieve the same results in the future.

Finally, our private equity IRRs have historically varied greatly from fund to fund. For example, Fund IV generated a 12% gross IRR and a 9% net IRR since its inception through September 30, 2018, while Fund V generated a 61% gross IRR and a 44% net IRR since its inception through September 30, 2018. Accordingly, the IRR going forward for

any current or future fund may vary considerably from the historical IRR generated by any particular fund, or for our private equity funds as a whole. Future

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returns will also be affected by the applicable risks, including risks of the industries and businesses in which a particular fund invests. See “Item 1A. Risk Factors—Risks Related to Our Businesses—The historical returns attributable to our funds should not be considered as indicative of the future results of our funds or of our future results or of any returns expected on an investment in our Class A shares and our Preferred shares” in the 2017 Annual Report.

Investment Record

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

All amounts are as of September 30, 2018, unless otherwise noted:

(\$ in millions)	Vintage Year ⁽¹⁾	Total AUM	Committed Capital	Total Invested Capital ⁽¹⁾	Realized Value ⁽¹⁾	Remaining Cost ⁽¹⁾	Unrealized Value ⁽¹⁾	Total Value ⁽¹⁾	Gross IRR ⁽¹⁾	Net IRR ⁽¹⁾		
Private Equity:												
Fund IX	2018	\$24,927	\$24,729	NM	(2)	NM	(2)	NM	(2)	NM	(2)	
Fund VIII	2013	21,434	18,377	\$14,716	\$5,179	\$12,034	\$17,136	\$22,315	23 %	16 %		
Fund VII	2008	5,452	14,677	16,198	30,482	3,254	3,170	33,652	34	25		
Fund VI	2006	2,739	10,136	12,457	19,118	2,389	2,124	21,242	12	9		
Fund V	2001	297	3,742	5,192	12,711	124	41	12,752	61	44		
Fund I, II, III, IV & MIA ⁽³⁾	Various	14	7,320	8,753	17,400	—	—	17,400	39	26		
Traditional Private Equity Funds⁽⁴⁾												
ANRP II	2016	3,379	3,454	1,828	799	1,480	1,718	2,517	37	21		
ANRP I	2012	845	1,323	1,114	935	648	584	1,519	10	7		
AION	2013	695	826	480	258	298	365	623	15	5		
Hybrid Value Fund	2018	2,370	2,373	114	—	114	115	115	NM	(2)	NM	(2)
Total Private Equity⁽⁹⁾		\$62,152	\$86,957	\$60,852	\$86,882	\$20,341	\$25,253	\$112,135				
Credit Opportunity Funds												
COF III	2014	\$1,884	\$3,426	\$5,045	\$4,004	\$1,324	\$1,210	\$5,214	2 %	1 %		
COF II	2008	57	1,583	2,176	3,136	39	47	3,183	14	11		
COF I	2008	334	1,485	1,611	4,336	38	64	4,400	30	27		
European Principal Finance Funds												
EPF III ⁽⁵⁾	2017	4,461	4,561	964	4	959	979	983	NM	(2)	NM	(2)
EPF II ⁽⁵⁾	2012	2,222	3,474	3,521	3,800	1,117	1,414	5,214	17	11		

Explanation of Responses:

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EPF I ⁽⁵⁾	2007	253	1,503	1,975	3,307	—	12	3,319	23	17	
Structured Credit Funds											
FCI III	2017	2,782	1,906	1,702	550	1,432	1,657	2,207	NM	(2) NM	(2)
FCI II	2013	2,437	1,555	2,446	1,223	1,809	1,812	3,035	11	8	
FCI I	2012	808	559	1,475	1,352	698	657	2,009	14	11	
SCRF IV ⁽¹²⁾	2017	2,155	2,230	1,390	363	1,145	1,449	1,812	NM	(2) NM	(2)
SCRF III	2015	—	1,238	2,110	2,428	—	—	2,428	18	14	
SCRF II	2012	—	104	467	528	—	—	528	15	12	
SCRF I	2008	—	118	240	357	—	—	357	33	26	
Other											
Drawdown Funds & SIAs ⁽⁶⁾	Various	7,138	10,094	10,103	10,041	2,265	2,191	12,232	9	7	
Total Credit ⁽¹⁰⁾		\$24,531	\$33,836	\$35,225	\$35,429	\$10,826	\$11,492	\$46,921			
Real Assets:											
U.S. RE Fund II ⁽⁷⁾	2016	\$1,065	\$975	\$562	\$345	\$413	\$462	\$807	20 %	17 %	
U.S. RE Fund I ⁽⁷⁾	2012	452	652	635	662	240	297	959	15	12	
AGRE Debt Fund I ⁽¹³⁾	2011	808	2,178	2,181	1,593	845	799	2,392	9	7	
CPI Funds ⁽⁸⁾	Various	381	4,973	2,570	2,648	259	53	2,701	14	11	
Asia RE Fund ⁽⁷⁾	2017	620	708	299	204	151	158	362	15	12	
Total Real Assets ⁽¹¹⁾		\$3,326	\$9,486	\$6,247	\$5,452	\$1,908	\$1,769	\$7,221			

(1) Refer to the definitions of Vintage Year, Total Invested Capital, Realized Value, Remaining Cost, Unrealized Value, Total Value, Gross IRR and Net IRR described elsewhere in this report.

(2) Data has not been presented as the fund commenced investing capital less than 24 months prior to the period indicated and therefore such information was deemed not meaningful.

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- The general partners and managers of Funds I, II and MIA, as well as the general partner of Fund III, were excluded assets in connection with the 2007 Reorganization. As a result, Apollo did not receive the economics associated with these entities. The investment performance of these funds, combined with Fund IV, is presented to illustrate fund performance associated with Apollo’s Managing Partners and other investment professionals.
- (3)
- (4) Total IRR is calculated based on total cash flows for all funds presented.
- (5) Funds are denominated in Euros and historical figures are translated into U.S. dollars at an exchange rate of €1.00 to \$1.16 as of September 30, 2018.
- Amounts presented have been aggregated for (i) drawdown funds with AUM greater than \$500 million that do not form part of a flagship series of funds and (ii) SIAs with AUM greater than \$200 million that do not predominantly invest in other Apollo funds or SIAs. Certain SIAs’ historical figures are denominated in Euros and translated into U.S. dollars at an exchange rate of €1.00 to \$1.16 as of September 30, 2018. Additionally, certain SIAs totaling \$1.7 billion of AUM have been excluded from Total Invested Capital, Realized Value, Remaining Cost, Unrealized Value and Total Value. These SIAs have an open ended life and a significant turnover in their portfolio assets due to the ability to recycle capital. These SIAs had \$10.6 billion of Total Invested Capital through September 30, 2018.
- (6)
- U.S. RE Fund I, U.S. RE Fund II and Asia RE Fund had \$156 million, \$390 million and \$365 million of co-investment commitments raised as of September 30, 2018, respectively, which are included in the figures in the table. A co-invest entity within U.S. RE Fund I is denominated in GBP and translated into U.S. dollars at an exchange rate of £1.00 to \$1.30 as of September 30, 2018.
- (7)
- As part of the acquisition of Citi Property Investors (“CPI”), Apollo acquired general partner interests in fully invested funds. CPI Funds refers to CPI Capital Partners North America, CPI Capital Partners Asia Pacific, CPI Capital Partners Europe and other CPI funds or individual investments of which Apollo is not the general partner or manager and only receives fees pursuant to either a sub-advisory agreement or an investment management and administrative agreement. For CPI Capital Partners North America, CPI Capital Partners Asia Pacific and CPI Capital Partners Europe, the gross and net IRRs are presented in the investment record table since acquisition on November 12, 2010. The aggregate net IRR for these funds from their inception to September 30, 2018 was (2)%. This net IRR was primarily achieved during a period in which Apollo did not make the initial investment decisions and Apollo only became the general partner or manager of these funds upon completing the acquisition on November 12, 2010.
- (8)
- Private equity co-investment vehicles, and funds with AUM less than \$500 million have been excluded. These co-investment vehicles and funds had \$10.0 billion of aggregate AUM as of September 30, 2018.
- (9)
- Certain credit funds and SIAs with AUM less than \$500 million and \$200 million, respectively, have been excluded. These funds and SIAs had \$2.5 billion of aggregate AUM as of September 30, 2018.
- (10)
- Certain accounts owned by or related to Athene, certain co-investment vehicles and certain funds with AUM less than \$500 million have been excluded. These accounts, co-investment vehicles and funds had \$6.8 billion of aggregate AUM as of September 30, 2018.
- (11)
- Remaining cost for certain of our credit funds may include physical cash called, invested or reserved for certain levered investments.
- (12)
- The investor in this U.S. Dollar denominated fund has chosen to make contributions and receive distributions in the local currency of each underlying investment. As a result, Apollo has not entered into foreign currency hedges for this fund and the returns presented include the impact of foreign currency gains or losses. The investor’s gross and net IRR, before the impact of foreign currency gains or losses, from the fund’s inception to September 30, 2018 was 10% and 9%, respectively.
- (13)

Private Equity

The following table summarizes the investment record for distressed investments made in our traditional private equity fund portfolios, since the Company’s inception. All amounts are as of September 30, 2018:

Total Invested Capital (in millions)	Total Value	Gross IRR
--------------------------------------------	-------------	--------------

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Distressed for Control	\$7,890	\$ 19,150	29 %
Non-Control Distressed	5,416	8,424	71
Total	13,306	27,574	49
Corporate Carve-outs, Opportunistic Buyouts and Other Credit ⁽¹⁾	44,010	79,787	22
Total	\$57,316	\$ 107,361	39 %

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

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The following tables provide additional detail on the composition of the Fund VIII, Fund VII and Fund VI private equity portfolios based on investment strategy. Amounts for Fund I, II, III, IV and V are included in the table above but not presented below as their remaining value is less than \$100 million or the fund has been liquidated. All amounts are as of September 30, 2018:

Fund VIII⁽¹⁾

	Total Invested Capital	Total Value
	(in millions)	
Corporate Carve-outs	\$2,402	\$ 4,379
Opportunistic Buyouts	11,794	17,089
Distressed	520	847
Total	\$14,716	\$ 22,315

Fund VII⁽¹⁾

	Total Invested Capital	Total Value
	(in millions)	
Corporate Carve-outs	\$2,277	\$ 4,247
Opportunistic Buyouts	4,338	10,617
Distressed/Other Credit ⁽²⁾	9,583	18,788
Total	\$16,198	\$ 33,652

Fund VI

	Total Invested Capital	Total Value
	(in millions)	
Corporate Carve-outs	\$3,397	\$ 5,842
Opportunistic Buyouts	6,374	10,422
Distressed/Other Credit ⁽²⁾	2,686	4,978
Total	\$12,457	\$ 21,242

Committed capital less unfunded capital commitments for Fund VIII and Fund VII was \$14.3 billion and \$14.1 billion, respectively, which represents capital commitments from limited partners to invest in such funds less capital that is available for investment or reinvestment subject to the provisions of the applicable limited partnership agreement or other governing agreements.

(1) The distressed investment strategy includes distressed for control, non-control distressed and other credit. During the recovery and expansionary periods of 1994 through 2000 and late 2003 through the first half of 2007, our private equity funds invested or committed to invest approximately \$13.7 billion primarily in traditional and corporate partner buyouts. During the recessionary periods of 1990 through 1993, 2001 through late 2003 and the recessionary and post recessionary periods (beginning the second half of 2007 through September 30, 2018), our private equity funds have invested \$49.0 billion, of which \$19.0 billion was in distressed buyouts and debt investments when the debt securities of quality companies traded at deep discounts to par value. Our average entry multiple for Fund VIII, VII and VI was 5.7x, 6.1x and 7.7x, respectively, as of September 30, 2018. Our average entry multiple for a private equity fund is the average of the total enterprise value over an applicable adjusted earnings before interest, taxes, depreciation and amortization which may incorporate certain adjustments based on the investment team's estimate and we believe captures the true economics of our funds' investments in portfolio companies. The average entry multiple of actively investing funds may include committed investments not yet closed.

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Credit

The following table presents the AUM and gross and net returns information for Apollo's credit segment by category type:

Category	As of September 30, 2018				Gross Returns ⁽¹⁾		Net Returns ⁽¹⁾	
	AUM	Fee-Generating AUM	Performance Fee-Eligible AUM	Performance Fee-Generating AUM ⁽²⁾	Three Months Ended	For the Nine Months Ended	For the Three Months Ended	For the Nine Months Ended
			AUM	AUM ⁽²⁾	September 30, 2018	September 30, 2018	September 30, 2018	September 30, 2018
	(in millions)							
Liquid/Performing ⁽³⁾	\$49,977	\$38,155	\$24,207	\$16,783	1.7%	3.2%	1.6%	2.8%
Drawdown ⁽⁴⁾	27,000	14,881	21,032	7,998	1.0	5.8	0.4	4.2
MidCap, AINV, AFT, AIF	13,737	13,191	10,960	10,569	4.4	11.2	3.2	7.7
Athene Non-Sub-Advised ⁽⁵⁾	78,351	78,351	—	—	N/A	N/A	N/A	N/A
Athora Non-Sub-Advised ⁽⁵⁾	6,040	3,748	1,930	—	N/A	N/A	N/A	N/A
Advisory	7,535	—	—	—	N/A	N/A	N/A	N/A
Total Credit	\$182,640	\$148,326	\$58,129	\$35,350	1.7%	4.3%	1.4%	3.5%

(1) The gross and net returns for the three and nine months ended September 30, 2018 for total credit excludes assets managed by AAM that are not directly invested in Apollo funds and investment vehicles or sub-advised by Apollo.

As of September 30, 2018, \$4.7 billion of the performance-fee generating AUM is currently above its hurdle rate or preferred return, but in accordance with the adoption of the revenue recognition standard effective January 1, 2018, recognition of performance fees associated with such performance-fee generating AUM has been deferred to future periods when the fees are probable to not be significantly reversed.

(2) Liquid/Performing AUM includes \$13.2 billion of CLOs, \$8.8 billion of which Apollo earns fees based on gross assets and \$4.4 billion of which Apollo earns fees based on net equity.

As of September 30, 2018, significant drawdown funds and SIAs had inception-to-date gross and net IRRs of 15.6% and 11.8%, respectively. Significant drawdown funds and SIAs include funds and SIAs with AUM greater than \$200 million that do not predominantly invest in other Apollo funds or SIAs.

Athene Non-Sub-Advised and Athora Non-Sub Advised reflects total combined AUM of \$107.0 billion less \$22.6 billion of assets that were either sub-advised by Apollo or invested in funds and investment vehicles managed by Apollo included within other asset categories.

Liquid/Performing

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

Vintage Year	Total AUM	Net Returns			
		For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2018	For the Three Months Ended September 30, 2017	For the Nine Months Ended September 30, 2017

Credit:

Explanation of Responses:

		(in millions)							
Hedge Funds ⁽¹⁾	Various	\$ 7,036	2%	4	%	1	%	4	%
CLOs ⁽²⁾	Various	13,221	2	4		1		3	
SIAs / Other	Various	29,720	1	2		2		6	
Total		\$ 49,977							

(1) Hedge Funds primarily includes Apollo Credit Strategies Master Fund Ltd. and Apollo Credit Master Fund Ltd.

CLO returns are calculated based on gross return on invested assets, which excludes cash. Included within Total AUM of CLOs is \$4.4 billion of AUM related to a standalone, self-managed asset management business

(2) established in connection with risk-retention rules, from which Apollo earns investment-related service fees, but for which Apollo does not provide management or advisory services. CLO returns exclude performance related to this AUM.

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Permanent Capital

The following table summarizes the investment record for our permanent capital vehicles by segment, excluding Athene-related and Athora-related assets managed or advised by Athene Asset Management and AAME:

IPO Year ⁽²⁾	Total AUM	Total Returns ⁽¹⁾				
		For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2018	For the Three Months Ended September 30, 2017	For the Nine Months Ended September 30, 2017	
Credit:	(in millions)					
MidCap ⁽³⁾	N/A	\$ 8,423	6 %	15 %	3 %	9 %
AIF	2013	385	2	5	2	11
AFT	2011	426	—	4	1	1
AINV/Other ⁽⁴⁾	2004	4,503	—	4	(2)	12
Real Assets:						
ARI	2009	5,224	6 %	10 %	—	17 %
Total		\$ 18,961				

(1) Total returns are based on the change in closing trading prices during the respective periods presented taking into account dividends and distributions, if any, as if they were reinvested without regard to commission.

(2) An IPO year represents the year in which the vehicle commenced trading on a national securities exchange.

MidCap is not a publicly traded vehicle and therefore IPO year is not applicable. The returns presented are a gross return based on NAV. The net returns based on NAV were 4% and 2% for the three months ended September 30, 2018 and 2017, respectively, and 11% and 6% for the nine months ended September 30, 2018 and September 30, 2017, respectively.

Included within Total AUM of AINV is \$2.0 billion of AUM related to a non-traded business development company from which Apollo earns investment-related service fees, but for which Apollo does not provide management or advisory services. Net returns exclude performance related to this AUM.

Athene, Athora and SIAs

As of September 30, 2018, Apollo managed or advised \$107.0 billion of total AUM in accounts owned by or related to Athene and Athora, of which approximately \$22.6 billion was either sub-advised by Apollo or invested in Apollo funds and investment vehicles managed by Apollo. Of the approximately \$22.6 billion of AUM, the vast majority were in sub-advisory managed accounts that manage high grade credit asset classes, such as CLO debt, commercial mortgage backed securities, and insurance-linked securities.

As of September 30, 2018, Apollo managed approximately \$23 billion of total AUM in SIAs, which include certain SIAs in the investment record tables above and capital deployed from certain SIAs across Apollo's credit, private equity and real assets funds.

Overview of Results of Operations

Revenues

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

Explanation of Responses:

deal costs (“Management Fee Offset”). Such amounts are presented as a reduction to advisory and transaction fees, net, in the condensed consolidated statements of operations (see note 2 to our condensed consolidated financial statements for more detail on advisory and transaction fees, net).

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

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

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

Performance Fees. The general partners of our funds are entitled to an incentive return of normally up to 20% of the total returns of a fund’s capital, depending upon performance of the underlying funds and subject to preferred returns and high water marks, as applicable. Performance fees, categorized as performance allocations, are accounted for as an equity method investment, and effectively, the performance fees for any period is based upon an assumed liquidation of the funds’ assets at the reporting date, and distribution of the net proceeds in accordance with the funds’ allocation provisions. Performance fees not accounted as an equity method investment, categorized as incentive fees, are deferred until fees are probable to not be significantly reversed. The majority of performance fees are comprised of performance allocations.

As of September 30, 2018, approximately 56% of the value of our funds’ investments on a gross basis was determined using market-based valuation methods (i.e., reliance on broker or listed exchange quotes) and the remaining 44% was determined primarily by comparable company and industry multiples or discounted cash flow models. For our credit, private equity and real assets segments, the percentage determined using market-based valuation methods as of September 30, 2018 was 69%, 32% and 39%, respectively. See “Item 1A. Risk Factors—Risks Related to Our Businesses—Our funds’ performance, and our performance, may be adversely affected by the financial performance of our funds’ portfolio companies and the industries in which our funds invest” in the 2017 Annual Report for a discussion regarding certain industry-specific risks that could affect the fair value of our private equity funds’ portfolio company investments.

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

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The table below presents an analysis of Apollo's (i) performance fees receivable on an unconsolidated basis and (ii) realized and unrealized performance fees for Apollo's combined segments:

	As of September 30, 2018	For the Three Months Ended September 30, 2018			For the Nine Months Ended September 30, 2018		
Performance Fees Receivable on an Unconsolidated Basis (in thousands)		Unrealized Performance Fees	Realized Performance Fees	Total Performance Fees	Unrealized Performance Fees	Realized Performance Fees	Total Performance Fees
Private Equity:							
Fund VIII	\$793,898	\$17,836	\$71,328	\$89,164	\$(223,101)	\$205,212	\$(17,889)
Fund VII ⁽¹⁾	71,726	(37,060)	588	(36,472)	1,195	6,679	7,874
Fund VI ⁽¹⁾	39,675	27,084	784	27,868	(1,524)	2,441	917
Fund IV and V	—	⁽³⁾ (263)	—	(263)	688	—	688
ANRP I and II ⁽¹⁾	38,532	⁽³⁾ 15,690	312	16,002	(4,621)	8,113	3,492
AAA/Other ⁽²⁾	67,933	5,718	3,734	9,452	(175,872)	186,217	10,345
Total Private Equity	1,011,764	29,005	76,746	105,751	(403,235)	408,662	5,427
Total Private Equity, net of profit sharing expense	610,538	20,468	35,193	55,661	(280,519)	233,383	(47,136)
Credit:							
Drawdown	278,551	⁽³⁾ (28,127)	15,493	(12,634)	(25,869)	73,774	47,905
Liquid/Performing	18,489	5,747	233	5,980	17,995	10,766	28,761
Permanent capital vehicles	98,613	17,484	7,064	24,548	38,338	18,104	56,442
Total Credit	395,653	(4,896)	22,790	17,894	30,464	102,644	133,108
Total Credit, net of profit sharing expense	125,576	(3,487)	10,711	7,224	13,108	46,857	59,965
Real Assets:							
U.S. RE Fund I and II	20,066	2,581	185	2,766	2,771	1,448	4,219
Other ⁽²⁾	7,081	(243)	374	131	(3,356)	5,039	1,683
Total Real Assets	27,147	2,338	559	2,897	(585)	6,487	5,902
Total Real Assets, net of profit sharing expense	13,856	563	11	574	(962)	3,293	2,331
Total	\$1,434,564	\$26,447	\$100,095	\$126,542	\$(373,356)	\$517,793	\$144,437
Total, net of profit sharing expense	\$749,970	⁽⁴⁾ \$17,544	\$45,915	\$63,459	\$(268,373)	\$283,533	\$15,160

As of September 30, 2018, the remaining investments and escrow cash of Fund VII, Fund VI and ANRP II were valued at 93%, 90% and 108% of the fund's unreturned capital, respectively, which were below the required escrow ratio of 115%. As a result, these funds are required to place in escrow current and future performance fees distributions to the general partner until the specified return ratio of 115% is met (at the time of a future distribution) or upon liquidation. As of September 30, 2018, Fund VII had \$128.5 million of gross performance fees, or \$73.1 million net of profit sharing, in escrow. As of September 30, 2018, Fund VI had \$167.6 million of gross performance fees, or \$112.4 million net of profit sharing, in escrow. As of September 30, 2018, ANRP II had \$18.4 million of gross performance fees, or \$11.2 million net of profit sharing, in escrow. With respect to Fund VII, Fund VI and ANRP II, realized performance fees currently distributed to the general partner is limited to potential tax distributions and interest on escrow balances per the funds' partnership agreements.

(2)

Explanation of Responses:

The nine months ended September 30, 2018 includes realized performance fees of \$169.9 million, or \$123.3 million net of profit sharing expense from AAA, settled in the form of Athene Holding shares. Other includes certain SIAs.

(3) As of September 30, 2018, certain credit funds and private equity funds had \$41.1 million and \$41.7 million, respectively, in general partner obligations to return previously distributed performance fees. The fair value gain on investments and income at the fund level needed to reverse the general partner obligations for certain credit funds and certain private equity funds was \$297.4 million and \$247.7 million, respectively, as of September 30, 2018.

(4) There was a corresponding profit sharing payable of \$684.6 million as of September 30, 2018, including profit sharing payable related to amounts in escrow and a contingent consideration obligation of \$77.7 million.

The general partners of certain of our credit funds accrue performance fees, categorized as performance allocations, when the fair value of investments exceeds the cost basis of the individual investors' investments in the fund, including any allocable share of expenses incurred in connection with such investments, which we refer to as "high water marks." These high water marks are applied on an individual investor basis. Certain of our credit funds have investors with various high water marks, the achievement of which is subject to market conditions and investment performance. Performance fees from our private equity funds and certain credit and real assets funds are subject to contingent repayment by the general partner in the event of future losses to the extent that the cumulative performance fees distributed from inception to date exceeds the amount computed as due to the general partner at the final distribution. These general partner obligations, if applicable, are included in due to related parties on the condensed consolidated statements of financial condition.

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The following table summarizes our performance fees since inception for our combined segments through September 30, 2018:

	Performance Fees Since Inception ⁽¹⁾				
	Undistributed by Fund and Recognized	Distributed by Fund and Recognized ⁽²⁾	Total Undistributed and Distributed by Fund and Recognized ⁽³⁾	General Partner Obligation as of September 30, 2018 ⁽³⁾	Maximum Performance Fees Subject to Potential Reversal ⁽⁴⁾
(in millions)					
Private Equity:					
Fund VIII	\$ 793.9	\$ 422.3	\$ 1,216.2	\$ —	\$ 1,057.3
Fund VII	71.7	3,126.7	3,198.4	—	618.2
Fund VI	39.7	1,658.9	1,698.6	—	1,149.9
Fund IV and V	—	2,053.1	2,053.1	24.1	8.2
ANRP I and II	38.5	86.5	125.0	17.6	67.5
AAA/Other	67.9	585.0	652.9	—	135.5
Total Private Equity	1,011.7	7,932.5	8,944.2	41.7	3,036.6
Credit ⁽⁵⁾ :					
Drawdown	278.6	1,166.9	1,445.5	41.1	465.0
Liquid/Performing	18.5	536.4	554.9	—	19.0
MidCap, AINV, AFT, AIF	90.9	—	90.9	—	86.2
Total Credit	388.0	1,703.3	2,091.3	41.1	570.2
Real Assets:					
U.S. RE Fund I and II	20.1	26.2	46.3	—	39.4
Other ⁽⁶⁾	7.1	26.4	33.5	—	18.9
Total Real Assets	27.2	52.6	79.8	—	58.3
Total	\$ 1,426.9	\$ 9,688.4	\$ 11,115.3	\$ 82.8	\$ 3,665.1

(1) Certain funds are denominated in Euros and historical figures are translated into U.S. dollars at an exchange rate of €1.00 to \$1.16 as of September 30, 2018.

(2) Amounts in “Distributed by Fund and Recognized” for the CPI, Gulf Stream Asset Management, LLC (“Gulf Stream”) and Stone Tower funds and SIAs are presented for activity subsequent to the respective acquisition dates.

(3) Amounts were computed based on the fair value of fund investments on September 30, 2018. Performance fees have been allocated to and recognized by the general partner. Based on the amount allocated, a portion is subject to potential reversal or, to the extent applicable, has been reduced by the general partner obligation to return previously distributed performance fees at September 30, 2018. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of the fund’s investments based on contractual termination of the fund.

(4) Represents the amount of performance fees that would be reversed if remaining fund investments became worthless on September 30, 2018. Amounts subject to potential reversal of performance fees include amounts undistributed by a fund (i.e., the performance fees receivable), as well as a portion of the amounts that have been distributed by a fund, net of taxes not subject to a general partner obligation to return previously distributed performance fees, except for those funds that are gross of taxes as defined in the respective funds’ governing documents.

(5) Amounts exclude AINV, as performance fees from this entity are not subject to contingent repayment.

(6) Other includes certain SIAs.

Expenses

Compensation and Benefits. Our most significant expense is compensation and benefits expense. This consists of fixed salary, discretionary and non-discretionary bonuses, profit sharing expense associated with the performance fees

Explanation of Responses:

earned from credit, private equity, and real assets funds and compensation expense associated with the vesting of non-cash equity-based awards.

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

In addition, certain professionals and selected other individuals have a profit sharing interest in the performance fees earned in relation to our private equity, certain credit and real assets funds in order to better align their interests with our own and

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with those of the investors in these funds. Profit sharing expense is part of our compensation and benefits expense and is generally based upon a fixed percentage of credit, private equity and real assets performance fees. Profit sharing expense can reverse during periods when there is a decline in performance fees that were previously recognized. Profit sharing amounts are normally distributed to employees after the corresponding investment gains have been realized and generally before preferred returns are achieved for the investors. Therefore, changes in our unrealized performance fees have the same effect on our profit sharing expense. Profit sharing expense increases when unrealized performance fees increases. Realizations only impact profit sharing expense to the extent that the effects on investments have not been recognized previously. If losses on other investments within a fund are subsequently realized, the profit sharing amounts previously distributed are normally subject to a general partner obligation to return performance fees previously distributed back to the funds. This general partner obligation due to the funds would be realized only when the fund is liquidated, which generally occurs at the end of the fund's term. However, indemnification obligations also exist for realized gains with respect to Fund IV, Fund V and Fund VI, which, although our Managing Partners and Contributing Partners would remain personally liable, may indemnify our Managing Partners and Contributing Partners for 17.5% to 100% of the previously distributed profits regardless of the fund's future performance. See note 13 to our condensed consolidated financial statements for further information regarding the Company's indemnification liability.

Each Managing Partner receives \$100,000 per year in base salary for services rendered to us. Additionally, our Managing Partners can receive other forms of compensation. In addition, AHL Awards (as defined in note 11 to our condensed consolidated financial statements) and other equity-based compensation awards have been granted to the Company and certain employees, which amortize over the respective vesting periods. In addition, the Company grants equity awards to certain employees, including RSUs, restricted Class A shares and options, that generally vest and become exercisable in quarterly installments or annual installments depending on the contract terms over a period of three to six years. See note 11 to our condensed consolidated financial statements for further discussion of equity-based compensation.

Other Expenses. The balance of our other expenses includes interest, placement fees, and general, administrative and other operating expenses. Interest expense consists primarily of interest related to the 2013 AMH Credit Facilities, the 2018 AMH Credit Facility, the 2024 Senior Notes, the 2026 Senior Notes and the 2048 Senior Notes as discussed in note 9 to our condensed consolidated financial statements. Placement fees are incurred in connection with our capital raising activities. General, administrative and other expenses includes occupancy expense, depreciation and amortization, professional fees and costs related to travel, information technology and administration. Occupancy expense represents charges related to office leases and associated expenses, such as utilities and maintenance fees. Depreciation and amortization of fixed assets is normally calculated using the straight-line method over their estimated useful lives, ranging from two to sixteen years, taking into consideration any residual value. Leasehold improvements are amortized over the shorter of the useful life of the asset or the expected term of the lease. Intangible assets are amortized based on the future cash flows over the expected useful lives of the assets.

Other Income (Loss)

Net Gains (Losses) from Investment Activities. Net gains (losses) from investment activities include both realized gains and losses and the change in unrealized gains and losses in our investment portfolio between the opening reporting date and the closing reporting date. Net unrealized gains (losses) are a result of changes in the fair value of unrealized investments and reversal of unrealized gains (losses) due to dispositions of investments during the reporting period. Significant judgment and estimation goes into the assumptions that drive these models and the actual values realized with respect to investments could be materially different from values obtained based on the use of those models. The valuation methodologies applied impact the reported value of investment company holdings and their underlying portfolios in our condensed consolidated financial statements.

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

Other Income (Losses), Net. Other income (losses), net includes gains (losses) arising from the remeasurement of foreign currency denominated assets and liabilities, remeasurement of the tax receivable agreement liability related to the TCJA and other miscellaneous non-operating income and expenses.

Income Taxes. The Apollo Operating Group and its subsidiaries generally operate as partnerships for U.S. federal income tax purposes. As a result, except as described below, the Apollo Operating Group has not been subject to U.S. income taxes. However, the U.S. entities, in some cases, are subject to New York City unincorporated business tax ("NYC UBT"), and non-U.S. entities, in some cases, are subject to non-U.S. corporate income taxes. In addition, certain consolidated entities are, or are treated as, corporations for U.S. and non-U.S. tax purposes and therefore subject to federal, state, local and foreign corporate income tax. The Company's provision for income taxes is accounted for in accordance with U.S. GAAP.

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

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

Non-Controlling Interests

For entities that are consolidated, but not 100% owned, a portion of the income or loss and corresponding equity is allocated to owners other than Apollo. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included in Non-Controlling Interests in the condensed consolidated financial statements. The Non-Controlling Interests relating to Apollo Global Management, LLC primarily include the 50.2% and 51.9% ownership interest in the Apollo Operating Group held by the Managing Partners and Contributing Partners through their limited partner interests in Holdings as of September 30, 2018 and 2017, respectively. Non-Controlling Interests also include limited partner interests in certain consolidated funds and VIEs.

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

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Results of Operations

Below is a discussion of our condensed consolidated results of operations for the three and nine months ended September 30, 2018 and 2017. For additional analysis of the factors that affected our results at the segment level, see “—Segment Analysis” below:

	For the Three Months				For the Nine Months			
	Ended		Amount Change	Percentage Change	Ended September 30,		Amount Change	Percentage Change
	2018	2017			2018	2017		
	(in thousands)				(in thousands)			
Revenues:								
Management fees	\$358,750	\$301,443	\$57,307	19.0 %	\$987,102	\$852,291	\$134,811	15.8 %
Advisory and transaction fees, net	13,154	16,209	(3,055)	(18.8)	42,145	54,905	(12,760)	(23.2)
Investment income:								
Performance allocations	124,856	336,910	(212,054)	(62.9)	129,776	809,896	(680,120)	(84.0)
Principal investment income	16,153	47,488	(31,335)	(66.0)	25,334	102,877	(77,543)	(75.4)
Total investment income	141,009	384,398	(243,389)	(63.3)	155,110	912,773	(757,663)	(83.0)
Incentive fees	4,818	9,670	(4,852)	(50.2)	23,593	23,563	30	0.1
Total Revenues	517,731	711,720	(193,989)	(27.3)	1,207,950	1,843,532	(635,582)	(34.5)
Expenses:								
Compensation and benefits:								
Salary, bonus and benefits	112,722	108,853	3,869	3.6	343,623	316,011	27,612	8.7
Equity-based compensation	50,334	24,485	25,849	105.6	123,643	70,332	53,311	75.8
Profit sharing expense	63,059	137,296	(74,237)	(54.1)	121,327	339,679	(218,352)	(64.3)
Total compensation and benefits	226,115	270,634	(44,519)	(16.4)	588,593	726,022	(137,429)	(18.9)
Interest expense	15,209	13,303	1,906	14.3	44,168	39,497	4,671	11.8
General, administrative and other	70,657	68,149	2,508	3.7	194,851	189,918	4,933	2.6
Placement fees	746	5,397	(4,651)	(86.2)	1,384	12,560	(11,176)	(89.0)
Total Expenses	312,727	357,483	(44,756)	(12.5)	828,996	967,997	(139,001)	(14.4)
Other Income:								
Net gains from investment activities	155,283	68,932	86,351	125.3	20,645	102,936	(82,291)	(79.9)
Net gains from investment activities of consolidated variable interest entities	13,001	845	12,156	NM	28,746	11,085	17,661	159.3
Interest income	5,411	1,504	3,907	259.8	13,517	2,929	10,588	361.5
Other income, net	3,085	25,387	(22,302)	(87.8)	1,888	44,776	(42,888)	(95.8)
Total Other Income	176,780	96,668	80,112	82.9	64,796	161,726	(96,930)	(59.9)
Income before income tax provision	381,784	450,905	(69,121)	(15.3)	443,750	1,037,261	(593,511)	(57.2)
Income tax provision	(19,092)	(16,542)	(2,550)	15.4	(46,596)	(54,926)	8,330	(15.2)
Net Income	362,692	434,363	(71,671)	(16.5)	397,154	982,335	(585,181)	(59.6)
	(191,171)	(231,411)	40,240	(17.4)	(220,285)	(542,507)	322,222	(59.4)

Explanation of Responses:

Net income attributable
to Non-Controlling
Interests

Net Income Attributable to Apollo Global Management, LLC	171,521	202,952	(31,431)	(15.5)	176,869	439,828	(262,959)	(59.8)
Net income attributable to Series A Preferred Shareholders	(4,383)	(4,383)	—	—	(13,149)	(9,155)	(3,994)	43.6
Net income attributable to Series B Preferred Shareholders	(4,781)	—	(4,781)	NM	(9,350)	—	(9,350)	NM
Net Income Attributable to AGM Class A Shareholders	\$162,357	\$198,569	\$(36,212)	(18.2)%	\$154,370	\$430,673	\$(276,303)	(64.2)%

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

Revenues

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

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Management fees increased by \$57.3 million for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017. This change was primarily attributable to the commencement of Fund IX's investment period in April 2018, resulting in \$79.9 million in management fees during the three months ended September 30, 2018, as well as an

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increase in management fees earned from Athene of \$19.9 million primarily due to its completion of the reinsurance transaction of the fixed annuity business of Voya Financial during 2018. This increase was partially offset by a decrease in management fees earned with respect to Fund VIII, Fund VI and Apollo European Principal Finance Fund III, L.P. (“EPF III”) of \$26.0 million, \$5.5 million and \$5.5 million, respectively, during the three months ended September 30, 2018 as compared to the same period in 2017. For additional details regarding changes in management fees in each segment, see “—Segment Analysis” below.

Advisory and transaction fees, net, decreased by \$3.1 million for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017. This change was primarily attributable to a decrease in net advisory and transaction fees earned with respect to Fund VIII’s portfolio companies of \$3.5 million during the three months ended September 30, 2018 as compared to the same period in 2017.

Performance allocations decreased by \$212.1 million for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017. This change was primarily attributable to decreased performance allocations earned from our private equity funds and credit funds of \$202.7 million and \$18.4 million, respectively, during the three months ended September 30, 2018 as compared to the same period in 2017. For additional details regarding changes in performance allocations in each segment, see “—Segment Analysis” below.

Principal investment income decreased by \$31.3 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily driven by decreases in the value of investments held by certain Apollo funds and other entities in which the Company has a direct interest, mainly with respect to Fund VIII, AAA, and AION of \$23.8 million, \$4.1 million and \$3.5 million, respectively, during the three months ended September 30, 2018 as compared to the same period in 2017.

Incentive fees decreased by \$4.9 million for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017. This change was primarily attributable to a decrease in incentive fees recognized from a strategic investment account and AINV of \$2.4 million and \$1.6 million, respectively, during the three months ended September 30, 2018 as compared to the three months ended September 30, 2017. The decrease in incentive fees from a strategic investment account was a result of the adoption of the revenue recognition standard effective January 1, 2018. See note 2 to the condensed consolidated financial statements for further information regarding adoption of the revenue recognition standard.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Management fees increased by \$134.8 million for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. This change was primarily attributable to the commencement of Fund IX’s investment period in April 2018, resulting in \$160.3 million in management fees during the nine months ended September 30, 2018 and an increase in management fees earned from Athene of \$41.4 million primarily due to its completion of the reinsurance transaction of the fixed annuity business of Voya Financial during 2018. This increase in management fees was partially offset by decreased management fees earned from Fund VIII of \$53.4 million during the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. The decrease in management fees earned from Fund VIII was the result of a change in the basis upon which management fees are earned from capital commitments to invested capital.

Advisory and transaction fees, net, decreased by \$12.8 million for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. This change was primarily attributable to a decrease in net advisory and transaction fees earned with respect to Fund VIII’s portfolio companies of \$13.4 million during the nine months ended September 30, 2018 as compared to the same period during 2017.

Performance allocations decreased by \$680.1 million for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. This change was primarily attributable to decreased performance allocations earned from our private equity funds of \$660.2 million, during the nine months ended September 30, 2018 as compared to the same period in 2017. For additional details regarding changes in performance allocations in each segment, see “—Segment Analysis” below.

Principal investment income decreased by \$77.5 million for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. This change was primarily driven by a decrease in the value of investments held by certain Apollo funds and other entities in which the Company has a direct interest, mainly with

respect to Fund VIII and AAA of \$66.7 million and \$10.6 million, respectively, during the nine months ended September 30, 2018 as compared to the same period in 2017.

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Expenses

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Compensation and benefits decreased by \$44.5 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was driven by a decrease in profit sharing expense of \$74.2 million due to decreased performance allocations during the three months ended September 30, 2018, as compared to the same period in 2017. In any period the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating performance allocations in the period. This decrease was partially offset by an increase in equity-based compensation of \$25.8 million for the three months ended September 30, 2018, as compared to the same period in 2017, primarily attributable to increased amortization expense relating to grants of RSUs to certain executives under the 2007 Equity Plan during 2018 (see note 11 to the condensed consolidated financial statements).

Included in profit sharing expense is \$16.3 million and \$13.7 million for the three months ended September 30, 2018 and 2017, respectively, related to a performance based incentive arrangement for certain Apollo partners and employees designed to more closely align compensation on an annual basis with the overall realized performance of the Company (referred to herein as the “Incentive Pool”). Allocations to participants in the Incentive Pool contain both a fixed component and a discretionary component, each of which may vary year to year. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular period. See “—Profit Sharing Expense” in the Critical Accounting Policies section for an overview of the Incentive Pool.

Interest expense increased by \$1.9 million for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017 as a result of additional interest expense incurred due to the issuance of the 2048 Senior Notes in March 2018, partially offset by a decrease in interest expense as a result of the repayment of the entire remaining amount of the Term Facility, as described in note 9 to our condensed consolidated financial statements.

General, administrative and other expenses increased by \$2.5 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017 primarily due to an increase in professional fees during the three months ended September 30, 2018, as compared to the three months ended September 30, 2017.

Placement fees decreased by \$4.7 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017 primarily as a result of placement fees incurred in connection with capital raising activities relating to EPF III and Fund IX of \$2.6 million and \$2.3 million, respectively, during the three months ended September 30, 2017. Placement fees are normally payable to placement agents, who are third parties that assist in identifying potential investors, securing commitments to invest from such potential investors, preparing or revising offering marketing materials, developing strategies for attempting to secure investments by potential investors and/or providing feedback and insight regarding issues and concerns of potential investors.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Compensation and benefits decreased by \$137.4 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to a decrease in profit sharing expense of \$218.4 million due to decreased performance allocations during the nine months ended September 30, 2018, as compared to the same period in 2017. In any period the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating performance allocations in the period. This decrease was partially offset by an increase in equity-based compensation of \$53.3 million, primarily attributable to increased amortization expense relating to grants of RSUs to certain executives under the 2007 Equity Plan during 2018. In addition, salary, bonus and benefits increased \$27.6 million during the nine months ended September 30, 2018, as compared to the same period in 2017 primarily due to increased headcount.

Included in profit sharing expense is \$50.7 million and \$54.0 million for the nine months ended September 30, 2018 and 2017, respectively, related to the Incentive Pool. See “—Profit Sharing Expense” in the Critical Accounting Policies section for an overview of the Incentive Pool.

Interest expense increased by \$4.7 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017 as a result of additional interest expense incurred due to the issuance of the 2048 Senior Notes in March 2018, partially offset by a decrease in interest expense as a result of the repayment of the entire

remaining amount of the Term Facility, as described in note 9 to our condensed consolidated financial statements.

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General, administrative and other expenses increased by \$4.9 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily driven by an increase in professional fees during the nine months ended September 30, 2018 as compared to the same period in 2017.

Placement fees decreased by \$11.2 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily driven by placement fees incurred in connection with capital raising activities relating to EPF III and Fund IX of \$7.5 million and \$3.5 million, respectively, during the nine months ended September 30, 2017.

Other Income (Loss)

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Net gains from investment activities increased by \$86.4 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to an increase in the fair value of the Company's investment in Athene Holding during the three months ended September 30, 2018, as compared to the same period in 2017. See note 6 to the condensed consolidated financial statements for further information regarding the Company's investment in Athene Holding.

Net gains from investment activities of consolidated VIEs increased by \$12.2 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. See note 5 to the condensed consolidated financial statements for details regarding net gains from investment activities of consolidated VIEs.

Interest income increased by \$3.9 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017 primarily due to additional interest income earned from money market funds and U.S. Treasury securities held after September 30, 2017.

Other income, net decreased by \$22.3 million during the three months ended September 30, 2018, as compared to the three months ended September 30, 2017, primarily attributable to \$19.0 million in proceeds received in connection with the Company's early termination of a lease during the three months ended September 30, 2017.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Net gains from investment activities decreased by \$82.3 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to lower appreciation in the fair value of the Company's investment in Athene Holding during the nine months ended September 30, 2018 as compared to the same period in 2017. See note 6 to the condensed consolidated financial statements for further information regarding the Company's investment in Athene Holding.

Net gains from investment activities of consolidated VIEs increased by \$17.7 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. See note 5 to the condensed consolidated financial statements for details regarding net gains from investment activities of consolidated VIEs.

Interest income increased by \$10.6 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017 primarily due to additional interest income earned from money market funds and U.S. Treasury securities held after September 30, 2017.

Other income, net decreased by \$42.9 million during the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to \$19.0 million in proceeds received in connection with the Company's early termination of a lease during the nine months ended September 30, 2017, as well as \$17.5 million in insurance proceeds received during the nine months ended September 30, 2017 in connection with fees and expenses incurred relating to a legal proceeding which did not recur in 2018.

Net Income Attributable to Non-Controlling Interests and Series A and Series B Preferred Shareholders

For information related to net income attributable to Non-Controlling Interests and net income attributable to Series A and Series B Preferred shareholders, see note 12 to the condensed consolidated financial statements.

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Income Tax Provision

The Apollo Operating Group and its subsidiaries generally operate as partnerships for U.S. federal income tax purposes. As a result, only a portion of the income we earn is subject to corporate-level tax in the United States and foreign jurisdictions. The provision for income taxes includes federal, state and local income taxes in the United States and foreign income taxes.

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

The income tax provision increased by \$2.6 million for three months ended September 30, 2018, as compared to the three months ended September 30, 2017. The increase in the income tax provision was primarily due to an overall change in the mix of earnings when comparing the amount of earnings that are subject to corporate-level tax to those earnings that are not subject to corporate-level tax as these earnings are passed through to Non-Controlling Interests and Class A shareholders. The provision for income taxes includes federal, state, local and foreign income taxes resulting in an effective income tax rate of 5.0% and 3.7% for the three months ended September 30, 2018 and 2017, respectively. The most significant reconciling items between our U.S. federal statutory income tax rate and our effective income tax rate were due to the following: (i) income passed through to Non-Controlling Interests; (ii) income passed through to Class A shareholders; and (iii) state and local income taxes including NYC UBT (see note 8 to the condensed consolidated financial statements for further details regarding the Company's income tax provision).

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

The income tax provision decreased by \$8.3 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. The decrease was due to the following: i) reduction in the federal corporate income tax rate from 35% to 21% as a result of legislative reforms in the TCJA enacted on December 22, 2017, ii) a decrease in pre-tax GAAP net income during the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017 and iii) an overall change in the mix of earnings when comparing the amount of earnings that are subject to corporate-level tax to those earnings that are not subject to corporate-level tax as these earnings are passed through to Non-Controlling Interests and Class A shareholders. The provision for income taxes includes federal, state, local and foreign income taxes resulting in an effective income tax rate of 10.5% and 5.3% for the nine months ended September 30, 2018 and 2017, respectively. The most significant reconciling items between our U.S. federal statutory income tax rate and our effective income tax rate were due to the following: (i) income passed through to Non-Controlling Interests; (ii) income passed through to Class A shareholders; and (iii) state and local income taxes including NYC UBT (see note 8 to the condensed consolidated financial statements for further details regarding the Company's income tax provision).

Segment Analysis

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

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

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Credit

The following table sets forth our segment statement of operations information and EI within our credit segment.

	For the Three Months Ended September 30,		Total Change	Percentage Change	For the Nine Months Ended September 30,		Total Change	Percentage Change		
	2018	2017			2018	2017				
	(in thousands)				(in thousands)					
Credit:										
Revenues:										
Management fees	\$196,507	\$187,885	\$8,622	4.6	%	\$564,164	\$516,083	\$48,081	9.3	%
Advisory and transaction fees, net	2,310	4,219	(1,909)	(45.2)	)	6,942	10,484	(3,542)	(33.8))
Performance fees ⁽¹⁾ :										
Unrealized	(4,896)	) 4,179	(9,075)	NM		30,464	37,422	(6,958)	(18.6))
Realized	22,790	32,131	(9,341)	(29.1)	)	102,644	120,186	(17,542)	(14.6))
Total performance fees	17,894	36,310	(18,416)	(50.7)	)	133,108	157,608	(24,500)	(15.5))
Principal investment income	6,803	8,222	(1,419)	(17.3)	)	23,100	20,561	2,539	12.3	
Total Revenues	223,514	236,636	(13,122)	(5.5)	)	727,314	704,736	22,578	3.2	
Expenses:										
Compensation and benefits:										
Salary, bonus and benefits	57,694	59,027	(1,333)	(2.3)	)	176,662	173,153	3,509	2.0	
Equity-based compensation	11,525	9,925	1,600	16.1		29,563	28,255	1,308	4.6	
Profit sharing expense:										
Unrealized	(1,409)	) 2,266	(3,675)	NM		17,356	17,408	(52)	(0.3))
Realized	12,079	14,643	(2,564)	(17.5)	)	55,787	51,168	4,619	9.0	
Equity-based	3,150	518	2,632	NM		7,013	1,387	5,626	405.6	
Total profit sharing expense	13,820	17,427	(3,607)	(20.7)	)	80,156	69,963	10,193	14.6	
Total compensation and benefits	83,039	86,379	(3,340)	(3.9)	)	286,381	271,371	15,010	5.5	
Non-compensation expenses										
General, administrative and other	38,071	35,709	2,362	6.6		104,832	99,559	5,273	5.3	
Placement fees	695	3,140	(2,445)	(77.9)	)	1,250	8,828	(7,578)	(85.8))
Total non-compensation expenses	38,766	38,849	(83)	(0.2)	)	106,082	108,387	(2,305)	(2.1))
Total Expenses	121,805	125,228	(3,423)	(2.7)	)	392,463	379,758	12,705	3.3	
Other Income (Loss):										
Net gains from investment activities	113,188	60,570	52,618	86.9		10,489	91,365	(80,876)	(88.5))
Net interest loss	(4,858)	) (5,972)	1,114	(18.7)	)	(15,211)	) (18,978)	3,767	(19.8))
Other income, net	1,155	16,318	(15,163)	(92.9)	)	2,782	16,888	(14,106)	(83.5))
Total Other Income (Loss)	109,485	70,916	38,569	54.4		(1,940)	89,275	(91,215)	NM	
Non-Controlling Interest	(1,187)	) (1,751)	564	(32.2)	)	(3,766)	) (3,244)	(522)	16.1	
Economic Income	\$210,007	\$180,573	\$29,434	16.3	%	\$329,145	\$411,009	\$(81,864)	(19.9))%

(1) Performance fees includes performance allocations and incentive fees.

Revenues

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Management fees increased by \$8.6 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to an increase in management fees earned from Athene of \$19.9 million as a result of its completion of the reinsurance transaction of the fixed annuity business of Voya Financial in 2018. The increase in management fees earned from Athene was partially offset by decreases in management fees earned from EPF III and Financial Credit Investment III, L.P. ("FCI III") of \$5.5 million and \$4.9 million, respectively, during the three months ended September 30, 2018, as compared to the same period during 2017.

Advisory and transaction fees, net, decreased by \$1.9 million during the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily driven by a decrease in net advisory and transaction fees earned with respect to FCI III of \$2.0 million during the three months ended September 30, 2018, as compared to the same period during 2017.

Performance fees decreased by \$18.4 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to decreases in performance fees earned from

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EPF II and a strategic investment account of \$29.0 million and \$4.0 million, respectively, as well as modest decreases across other credit funds and investment vehicles. The decrease was partially offset by increases in performance fees earned from MidCap and Apollo Structured Credit Recovery Master Fund IV, L.P. (“SCRF IV”) of \$10.0 million and \$6.1 million, respectively.

The decrease in performance fees from EPF II was primarily attributable to a loss in connection with the partial sale of a Spanish financial services investment during the three months ended September 30, 2018, as well as lower appreciation of UK commercial real estate investments held by the fund for the three months ended September 30, 2018 as compared to the same period in 2017. The decrease in performance fees from the strategic investment account was primarily attributable to depreciation in investments in the retail sector during the three months ended September 30, 2018, as compared to appreciation in the strategic investment account’s investments in the energy and industrial sectors during the three months ended September 30, 2017. The increase in performance fees from MidCap was a result of stronger loan portfolio returns and fee income during the three months ended September 30, 2018, as compared to the same period in 2017. The increase in performance fees from SCRF IV was primarily due to the appreciation of derivatives in the fund’s portfolio during the three months ended September 30, 2018.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Management fees increased by \$48.1 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to increases in management fees earned from Athene and Apollo Total Return Fund L.P. of \$41.4 million and \$7.9 million, respectively, during the nine months ended September 30, 2018, as compared to the same period during 2017. The increase in management fees earned from Athene was primarily attributable to its completion of the reinsurance transaction of the fixed annuity business of Voya Financial in 2018.

Advisory and transaction fees, net decreased by \$3.5 million during the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This decrease was primarily driven by decreases in net advisory and transaction fees earned with respect to FCI III and COF III of \$2.0 and \$1.3 million, respectively, during the nine months ended September 30, 2018, as compared to the same period during 2017.

Performance fees decreased by \$24.5 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to decreases in performance fees earned from EPF II and Apollo Structured Credit Recovery Master Fund III, L.P. (“SCRF III”) of \$73.0 million and \$11.9 million, respectively, during the nine months ended September 30, 2018, as compared to the same period during 2017. The decrease was partially offset by (i) a reversal of the general partner obligation to return previously distributed performance fees for a drawdown fund of \$26.2 million during the nine months ended September 30, 2018 and (ii) increases in performance fees earned from MidCap and SCRF IV of \$15.1 million and \$13.7 million, respectively.

The decrease in performance fees from EPF II was primarily attributable to a loss in connection with the partial sale of a Spanish financial services investment during the three months ended September 30, 2018, as well as lower appreciation of German and UK commercial real estate investments held by the fund for the nine months ended September 30, 2018 as compared to the same period in 2017. The decrease in performance fees earned from SCRF III was attributable to performance fees being generated at a slower rate compared to the same period in 2017 as the fund has unwound its portfolio. The increase in performance fees earned from MidCap was a result of stronger loan portfolio returns and fee income during the nine months ended September 30, 2018, as compared to the same period in 2017. The increase in performance fees from SCRF IV was primarily due to the performance in the fund’s CLO equity portfolio, as well as appreciation of derivatives in the fund’s portfolio during the nine months ended September 30, 2018.

Principal investment income increased by \$2.5 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily driven by increases in income from Apollo’s equity ownership interest in a standalone, self-managed asset management business (collectively with its subsidiaries, “Redding Ridge”), MidCap and SCRF IV of \$3.8 million, \$2.7 million and \$2.2 million, respectively, during the nine months ended September 30, 2018, as compared to the same period in 2017. This increase in principal investment income was partially offset by a decrease in income from Apollo’s equity ownership interest in EPF II of \$5.9 million during the nine months ended September 30, 2018, as compared to the same period in 2017.

Expenses

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Compensation and benefits expense decreased by \$3.3 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily due to a decrease in profit sharing expense of \$3.6 million as a result of a corresponding decrease in performance fees as described above. In any period the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating performance fees in the period. The

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decrease in profit sharing expense was partially offset by an increase in equity-based profit sharing expense as a result of increased amortization expense relating to grants of RSUs to certain executives under the 2007 Equity Plan during the three months ended September 30, 2018 (see note 11 to the condensed consolidated financial statements).

Included in profit sharing expense is \$2.0 million and \$3.9 million related to the Incentive Pool for the three months ended September 30, 2018 and 2017, respectively. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular period.

General, administrative and other increased by \$2.4 million during the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. The change was primarily driven by an increase in professional fees, partially offset by a decrease in new fund organizational expenses related to EPF III during the three months ended September 30, 2018, as compared to the same period in 2017.

Placement fees decreased by \$2.4 million during the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily driven by placement fees incurred in connection with capital raising activity relating to EPF III of \$2.6 million during the three months ended September 30, 2017.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Compensation and benefits expense increased by \$15.0 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to an increase in profit sharing expense of \$10.2 million during the nine months ended September 30, 2018, as compared to the same period in 2017. Profit sharing expense increased as a result of increased amortization expense relating to grants of RSUs to certain executives under the 2007 Equity Plan during 2018 (see note 11 to the condensed consolidated financial statements). In addition, the change was attributable to an increase in salary, bonus and benefits of \$3.5 million during the nine months ended September 30, 2018, as compared to the same period in 2017, primarily due to increased headcount.

Included in profit sharing expense is \$10.6 million and \$12.5 million related to the Incentive Pool for the nine months ended September 30, 2018 and 2017, respectively. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular period.

General, administrative and other increased by \$5.3 million during the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. The change was primarily driven by an increase in professional fees, partially offset by a decrease in fund organizational expenses related to EPF III during the nine months ended September 30, 2018, as compared to the same period in 2017.

Placement fees decreased by \$7.6 million during the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily driven by placement fees incurred in connection with capital raising activity relating to EPF III of \$7.5 million during the nine months ended September 30, 2017.

Other Income (Loss)

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Net gains from investment activities increased by \$52.6 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to higher appreciation in the fair value of the Company's investment in Athene Holding during the three months ended September 30, 2018 as compared to the same period in 2017. See note 6 to the condensed consolidated financial statements for further information regarding the Company's investment in Athene Holding.

Net interest loss decreased by \$1.1 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017, primarily due to additional interest income earned from money market funds and U.S. Treasury securities held after September 30, 2017. Interest income was partially offset by additional interest expense incurred during the three months ended September 30, 2018 as a result of the issuance of the 2048 Senior Notes in March 2018, as described in note 9 to our condensed consolidated financial statements.

Other income, net decreased by \$15.2 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017, primarily attributable to proceeds received in connection with the Company's early termination of a lease and the Company's recognition of \$6.2 million of other income from the assignment of a

CLO collateral management agreement during the three months ended September 30, 2017.

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Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Net gains from investment activities decreased by \$80.9 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to lower appreciation in the fair value of the Company's investment in Athene Holding during the nine months ended September 30, 2018 as compared to the same period in 2017. See note 6 to the condensed consolidated financial statements for further information regarding the Company's investment in Athene Holding.

Net interest loss decreased by \$3.8 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017, primarily due to additional interest income earned from money market funds and U.S. Treasury securities held after September 30, 2017. Interest income was partially offset by additional interest expense incurred during the nine months ended September 30, 2018 as a result of the issuance of the 2048 Senior Notes in March 2018, as described in note 9 to our condensed consolidated financial statements.

Other income, net decreased by \$14.1 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to proceeds received in connection with the Company's early termination of a lease and the Company's recognition of \$6.2 million of other income from the assignment of a CLO collateral management agreement during the nine months ended September 30, 2017.

Non-Controlling Interests

For information related to Non-Controlling Interests, see note 12 to the condensed consolidated financial statements.

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Private Equity

The following table sets forth our segment statement of operations information and our supplemental performance measure, EI, within our private equity segment.

	For the Three Months Ended September 30, 2018		Total Change	Percentage Change	For the Nine Months Ended September 30, 2018		Total Change	Percentage Change
	2017				2017			
	(in thousands)				(in thousands)			
Private Equity:								
Revenues:								
Management fees	\$ 123,304	\$ 76,079	\$ 47,225	62.1 %	\$ 317,276	\$ 230,752	\$ 86,524	37.5 %
Advisory and transaction fees, net	5,925	10,572	(4,647)	(44.0)	29,817	41,646	(11,829)	(28.4)
Performance fees ⁽¹⁾ :								
Unrealized	29,005	286,589	(257,584)	(89.9)	(403,235)	351,836	(755,071)	NM
Realized	76,746	21,859	54,887	251.1	408,662	313,817	94,845	30.2
Total performance fees	105,751	308,448	(202,697)	(65.7)	5,427	665,653	(660,226)	(99.2)
Principal investment income	10,328	39,875	(29,547)	(74.1)	3,902	81,951	(78,049)	(95.2)
Total Revenues	245,308	434,974	(189,666)	(43.6)	356,422	1,020,002	(663,580)	(65.1)
Expenses:								
Compensation and benefits:								
Salary, bonus and benefits	33,673	31,467	2,206	7.0	105,203	93,230	11,973	12.8
Equity-based compensation	7,905	6,335	1,570	24.8	21,552	21,134	418	2.0
Profit sharing expense:								
Unrealized	8,537	96,992	(88,455)	(91.2)	(122,716)	117,025	(239,741)	NM
Realized	41,553	17,394	24,159	138.9	175,279	145,783	29,496	20.2
Equity-based	20,267	808	19,459	NM	48,351	1,270	47,081	NM
Total profit sharing expense	70,357	115,194	(44,837)	(38.9)	100,914	264,078	(163,164)	(61.8)
Total compensation and benefits	111,935	152,996	(41,061)	(26.8)	227,669	378,442	(150,773)	(39.8)
Non-compensation expenses:								
General, administrative and other	19,740	19,699	41	0.2	50,578	53,676	(3,098)	(5.8)
Placement fees	51	2,257	(2,206)	(97.7)	134	3,732	(3,598)	(96.4)
Total non-compensation expenses	19,791	21,956	(2,165)	(9.9)	50,712	57,408	(6,696)	(11.7)
Total Expenses	131,726	174,952	(43,226)	(24.7)	278,381	435,850	(157,469)	(36.1)
Other Income (Loss):								
Net gains from investment activities	42,074	7,959	34,115	428.6	10,060	11,255	(1,195)	(10.6)
Net interest loss	(3,680)	(4,374)	694	(15.9)	(11,464)	(12,952)	1,488	(11.5)
Other income (loss), net	666	7,344	(6,678)	(90.9)	(1,481)	25,915	(27,396)	NM
Total Other Income (Loss)	39,060	10,929	28,131	257.4	(2,885)	24,218	(27,103)	NM

Explanation of Responses:

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Economic Income \$152,642 \$270,951 \$(118,309) (43.7)% \$75,156 \$608,370 \$(533,214) (87.6)%
(1)Performance fees includes performance allocations and incentive fees.

Revenues

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Management fees increased by \$47.2 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to the commencement of Fund IX's investment period in April 2018, resulting in \$79.9 million in management fees during the three months ended September 30, 2018. The increase in management fees was partially offset by decreased management fees earned from Fund VIII and Fund VI of \$26.0 million and \$5.5 million, respectively, during the three months ended September 30, 2018 as compared to the three months ended September 30, 2017. The decrease in management fees earned from Fund VIII was the result of a change in the basis upon which management fees are earned from capital commitments to invested capital. The decrease in management fees earned from Fund VI resulted from the termination of the fund's management fee.

Advisory and transaction fees, net decreased by \$4.6 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to decreases in net advisory and transaction fees earned with respect to portfolio companies of Fund VIII and Fund VII of \$3.5 million and \$0.8 million, respectively, during the three months ended September 30, 2018 as compared to the three months ended September 30, 2017.

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Performance fees decreased by \$202.7 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to decreases in performance fees earned from Fund VIII and Fund VII of \$193.7 million and \$35.9 million, respectively, partially offset by increases in performance fees earned from ANRP II and ANRP I of \$16.7 million and \$13.2 million, respectively, for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. The decrease in performance fees from Fund VIII was driven by lower appreciation of the fund's public and private portfolio companies primarily in the manufacturing and industrial and consumer services sectors during the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. The decrease in performance fees from Fund VII was driven by depreciation of the fund's private portfolio companies, primarily in the media, telecom, technology and consumer services sectors during the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. The increase in performance fees earned from ANRP II and ANRP I was primarily driven by appreciation of the funds' private portfolio companies in the energy sector.

Principal investment income decreased by \$29.5 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to decreases in income from Apollo's equity ownership interest in Fund VIII, AAA and AION of \$23.8 million, \$4.1 million and \$3.5 million, respectively, during the three months ended September 30, 2018, as compared to the same period in 2017.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Management fees increased by \$86.5 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to the commencement of Fund IX's investment period in April 2018, resulting in \$160.3 million in management fees during the nine months ended September 30, 2018. The increase in management fees was partially offset by decreased management fees earned from Fund VIII and Fund VI of \$53.4 million and \$17.5 million, respectively, during the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. The decrease in management fees earned from Fund VIII was the result of a change in the basis upon which management fees are earned from capital commitments to invested capital. The decrease in management fees earned from Fund VI resulted from the termination of the fund's management fee.

Advisory and transaction fees, net decreased by \$11.8 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to a decrease in net advisory and transaction fees earned with respect to Fund VIII's portfolio companies of \$13.4 million, partially offset by an increase in net advisory and transaction fees earned with respect to ANRP II's portfolio companies of \$1.5 million during the nine months ended September 30, 2018, as compared to the same period during 2017.

Performance fees decreased by \$660.2 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to decreases in performance fees earned from Fund VIII and Fund VI of \$552.0 million and \$89.2 million, respectively, during the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. The decrease in performance fees from Fund VIII was primarily driven by lower appreciation of the fund's public and private portfolio companies primarily in the consumer services, business services and manufacturing and industrial sectors. The decrease in performance fees from Fund VI was primarily driven by lower appreciation in the fund's public portfolio companies in the leisure sector.

Principal investment income decreased by \$78.0 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to decreases in income from Apollo's equity ownership interest in Fund VIII and AAA of \$66.7 million and \$10.6 million, respectively, during the nine months ended September 30, 2018, as compared to the same period in 2017.

Expenses

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Compensation and benefits expense decreased by \$41.1 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to a decrease in profit sharing expense of \$44.8 million as a result of a corresponding decrease in performance fees as described above. In any period the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds that

are generating performance fees in the period.

Included in profit sharing expense is \$13.9 million and \$9.3 million related to the Incentive Pool for the three months ended September 30, 2018 and 2017, respectively. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular period.

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Placement fees decreased by \$2.2 million during the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily driven by placement fees incurred in connection with capital raising activity relating to Fund IX of \$2.3 million during the three months ended September 30, 2017.
Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Compensation and benefits expense decreased by \$150.8 million for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. This change was primarily attributable to a decrease in profit sharing expense of \$163.2 million during the nine months ended September 30, 2018, as compared to the same period in 2017, as a result of a corresponding decrease in performance fees as described above. In any period the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating performance fees in the period.

Included in profit sharing expense is \$38.9 million and \$40.5 million related to the Incentive Pool for the nine months ended September 30, 2018 and 2017, respectively. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular period.

General, administrative and other decreased by \$3.1 million during the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. The change was primarily driven by a decrease in fund organizational expenses related to the launch of Fund IX during the nine months ended September 30, 2017, partially offset by increased professional fees and other miscellaneous expenses during the nine months ended September 30, 2018, as compared to the same period in 2017.

Placement fees decreased by \$3.6 million during the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily driven by placement fees incurred in connection with capital raising activity relating to Fund IX of \$3.5 million during the nine months ended September 30, 2017.

Other Income (Loss)

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Net gains from investment activities increased by \$34.1 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to an increase in the fair value of the Company's investment in Athene Holding during the three months ended September 30, 2018 as compared to the same period in 2017. See note 6 to the condensed consolidated financial statements for further information regarding the Company's investment in Athene Holding.

Other income, net decreased by \$6.7 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017, primarily attributable to proceeds received in connection with the Company's early termination of a lease during the three months ended September 30, 2017.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Net gains from investment activities decreased by \$1.2 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to lower appreciation in the fair value of the Company's investment in Athene Holding during the nine months ended September 30, 2018 as compared to the same period in 2017. See note 6 to the condensed consolidated financial statements for further information regarding the Company's investment in Athene Holding.

Net interest loss decreased by \$1.5 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017, primarily due to additional interest income earned from money market funds and U.S. Treasury securities held after September 30, 2017. Interest income was partially offset by additional interest expense incurred during the nine months ended September 30, 2018 as a result of the issuance of the 2048 Senior Notes in March 2018, as described in note 9 to our condensed consolidated financial statements.

Other loss, net was \$1.5 million for the nine months ended September 30, 2018, as compared to other income, net of \$25.9 million for the nine months ended September 30, 2017. This change was primarily attributable to proceeds received in connection with the Company's early termination of a lease during the nine months ended September 30, 2017, in addition to insurance proceeds of \$17.5 million received during the nine months ended September 30, 2017 in connection with fees and expenses relating to a legal proceeding.

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Real Assets

The following table sets forth our segment statement of operations information and EI within our real assets segment.

	For the Three				For the Nine				
	Months Ended		Total	Percentage	Months Ended		Total	Percentage	
	September 30, 2018	September 30, 2017			Change	Change			September 30, 2018	September 30, 2017	Change	Change
	(in thousands)				(in thousands)				
Real Assets:									
Revenues:									
Management fees	\$20,094	\$18,470	\$1,624	8.8 %	\$56,532	\$54,560	\$1,972	3.6 %	
Advisory and transaction fees, net	4,737	1,418	3,319	234.1	4,787	2,775	2,012	72.5	
Performance fees ⁽¹⁾ :									
Unrealized	2,338	(5,169)	7,507	NM	(585)	(1,639)	1,054	(64.3)	
Realized	559	6,985	(6,426)	(92.0)	6,487	12,224	(5,737)	(46.9)	
Total performance fees	2,897	1,816	1,081	59.5	5,902	10,585	(4,683)	(44.2)	
Principal investment income (loss)	607	(83)	690	NM	924	1,935	(1,011)	(52.2)	
Total Revenues	28,335	21,621	6,714	31.1	68,145	69,855	(1,710)	(2.4)	
Expenses:									
Compensation and benefits:									
Salary, bonus and benefits	10,166	10,513	(347)	(3.3)	30,700	27,905	2,795	10.0	
Equity-based compensation	521	798	(277)	(34.7)	2,227	1,980	247	12.5	
Profit sharing expense:									
Unrealized	1,775	(4,812)	6,587	NM	377	(2,848)	3,225	NM	
Realized	548	3,636	(3,088)	(84.9)	3,194	6,528	(3,334)	(51.1)	
Equity-based	385	—	385	NM	924	—	924	NM	
Total profit sharing expense	2,708	(1,176)	3,884	NM	4,495	3,680	815	22.1	
Total compensation and benefits	13,395	10,135	3,260	32.2	37,422	33,565	3,857	11.5	
Non-compensation expenses:									
General, administrative and other	6,186	5,520	666	12.1	18,638	15,299	3,339	21.8	
Total non-compensation expenses	6,186	5,520	666	12.1	18,638	15,299	3,339	21.8	
Total Expenses	19,581	15,655	3,926	25.1	56,060	48,864	7,196	14.7	
Other Income (Loss):									
Net gains from investment activities	—	—	—	NM	11	—	11	NM	
Net interest loss	(983)	(1,163)	180	(15.5)	(3,123)	(3,634)	511	(14.1)	
Other income, net	1,277	2,044	(767)	(37.5)	641	2,347	(1,706)	(72.7)	
Total Other Income (Loss)	294	881	(587)	(66.6)	(2,471)	(1,287)	(1,184)	92.0	
Economic Income	\$9,048	\$6,847	\$2,201	32.1 %	\$9,614	\$19,704	\$(10,090)	(51.2)%	

(1) Performance fees includes performance allocations and incentive fees.

Revenues

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Management fees increased by \$1.6 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to increases in management fees earned from ARI and Athene of \$1.0 million and \$1.0 million, respectively, during the three months ended September 30, 2018, as compared to the same period during 2017. The increase in management fees was partially offset by a decrease in management fees earned from Trophy Property Development Fund, L.P. of \$0.7 million during the three months ended September 30, 2018, as compared to the same period during 2017.

Advisory and transaction fees, net, increased by \$3.3 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to an increase in net advisory and transaction fees earned with respect to the acquisition of management contracts for India-based funds of \$3.5 million during the three months ended September 30, 2018.

Performance fees increased by \$1.1 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to an increase in performance fees earned from U.S. RE Fund I of \$1.8 million. The increase in performance fees earned from U.S. RE Fund I is primarily the result of higher appreciation of several of the fund's real estate investments during the three months ended September 30, 2018 as compared to the three months

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ended September 30, 2017. This increase was partially offset by a decrease in performance fees earned from Asia RE Fund of \$0.7 million. The decrease in performance fees earned from Asia RE Fund is primarily due to lower appreciation in the fund's investments during the three months ended September 30, 2018 as compared to the three months ended September 30, 2017.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Advisory and transaction fees, net, increased by \$2.0 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to an increase in net advisory and transaction fees earned with respect to the acquisition of management contracts for India-based funds of \$3.5 million during the nine months ended September 30, 2018. This increase was partially offset by a decrease in net advisory and transaction fees earned with respect to AGRE Debt Fund I of \$1.4 million during the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017.

Performance fees decreased by \$4.7 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. Performance fees earned from certain funds, including U.S. RE Fund II, includes an allocation of performance fees from a strategic investment account that invests in the funds. This change was primarily attributable to decreases in performance fees earned from strategic investment accounts and U.S. RE Fund II of \$3.7 million and \$2.5 million, respectively, during the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. The decrease in performance fees earned from strategic investment accounts is primarily due to the reversal of cumulative unrealized performance fees for one of our strategic investment accounts that invests in Asia. Performance fees earned from U.S. RE Fund II decreased primarily due to lower appreciation of several of the fund's real estate investments during the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. This decrease was partially offset by an increase in performance fees earned from London Prime Apartments of \$1.2 million primarily due to losses on sales of real estate investments during the nine months ended September 30, 2017.

Expenses

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Compensation and benefits increased by \$3.3 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. This change was primarily attributable to an increase in profit sharing expense of \$3.9 million during the three months ended September 30, 2018 as compared to the three months ended September 30, 2017 as a result of a corresponding increase in performance fees as described above. In any period the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating performance fees in the period.

Included in profit sharing expense is \$0.4 million and \$0.5 million related to the Incentive Pool for the three months ended September 30, 2018 and 2017, respectively. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular quarter.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Compensation and benefits increased by \$3.9 million for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. Salary, bonus and benefits increased by \$2.8 million during the nine months ended September 30, 2018, as compared to the same period during 2017 primarily due to increased headcount. In addition, profit sharing expense increased \$0.8 million during the nine months ended September 30, 2018, as compared to the same period in 2017, as a result of grants of RSUs under the 2007 Equity Plan during the nine months ended September 30, 2018 (see note 11 to the condensed consolidated financial statements).

Included in profit sharing expense is \$1.2 million and \$0.9 million related to the Incentive Pool for the nine months ended September 30, 2018 and 2017, respectively. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular period.

General, administrative and other increased by \$3.3 million during the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017. This change was primarily attributable to increases in professional fees and other miscellaneous expenses during the nine months ended September 30, 2018 as compared to

the same period in 2017.

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Other Income (Loss)

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Other income, net decreased by \$0.8 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017, primarily attributable to proceeds received in connection with the Company's early termination of a lease during the three months ended September 30, 2017.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Other income, net decreased by \$1.7 million for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017, primarily attributable to proceeds received in connection with the Company's early termination of a lease during the nine months ended September 30, 2017.

Summary of Fee Related Earnings

The following table is a summary of Fee Related Earnings.

	For the Three Months		For the Nine Months	
	Ended		Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
	(in thousands)			
Management Fees	\$339,905	\$282,434	\$937,972	\$801,395
Advisory and Transaction Fees, net	12,972	16,209	41,546	54,905
Performance fees ⁽¹⁾	7,064	6,173	18,105	12,636
Salary, Bonus and Benefits	(101,533)	(101,007)	(312,565)	(294,288)
Non-compensation Expenses	(64,743)	(66,325)	(175,432)	(181,094)
Other Income attributable to Fee Related Earnings ⁽²⁾	4,580	26,456	9,768	46,818
Non-Controlling Interest	(1,187)	(1,751)	(3,766)	(3,244)
Fee Related Earnings	\$197,058	\$162,189	\$515,628	\$437,128

(1) Represents performance fees earned from business development companies.

(2) Includes \$19.0 million in proceeds received in connection with the Company's early termination of a lease during the three and nine months ended September 30, 2017. Includes \$17.5 million in insurance proceeds recognized in connection with fees and expenses relating to a legal proceeding during the nine months ended September 30, 2017.

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Summary of Distributable Earnings

The following table is a reconciliation of Distributable Earnings per share of common and equivalents to net distribution per share of common and equivalent.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in thousands, except per share data)			
Distributable Earnings	\$244,902	\$185,131	\$692,677	\$682,442
Taxes and related payables ⁽¹⁾	(9,734)	(7,272)	(34,770)	(20,344)
Preferred distributions	(9,164)	(4,383)	(22,499)	(9,155)
Distributable Earnings After Taxes and Related Payables	226,004	173,476	635,408	652,943
Add back: Tax and related payables attributable to common and equivalents	7,702	4,706	28,677	14,091
Distributable Earnings before certain payables ⁽²⁾	233,706	178,182	664,085	667,034
Percent to common and equivalents	51	% 49	% 51	% 49
Distributable Earnings before other payables attributable to common and equivalents	119,231	87,078	338,800	325,981
Less: Taxes and related payables attributable to common and equivalents	(7,702)	(4,706)	(28,677)	(14,091)
Distributable Earnings attributable to common and equivalents	\$111,529	\$82,372	\$310,123	\$311,890
Distributable Earnings per share of common and equivalent ⁽³⁾	\$0.55	\$0.42	\$1.54	\$1.59
Retained capital per share of common and equivalent ⁽³⁾⁽⁴⁾	(0.09)	(0.03)	(0.27)	(0.19)
Net distribution per share of common and equivalent ⁽³⁾	\$0.46	\$0.39	\$1.27	\$1.40

Represents the estimated current corporate, local and non-U.S. taxes as well as the payable under Apollo's tax receivable agreement. DE After Taxes and Related Payables is calculated after current taxes and the impact of the tax receivable agreement ("TRA"). The TRA component of taxes used in calculating DE After Taxes was previously estimated based on the tax asset used to reduce the prior year's tax liability. In 2018, the DE effective tax rate, using (1) this estimation methodology, results in an increase in the tax rate despite the significantly reduced federal tax rate under tax reform. We believe it is more meaningful to estimate the current year impact of the TRA component of taxes when calculating DE After Taxes. The impact of this change is not significant to DE After Taxes and Related Payables as previously reported; DE After Taxes and Related Payables would have been \$165.3 million and \$629.0 million for the three and nine months ended September 30, 2017, respectively.

(2) Distributable earnings before certain payables represents Distributable Earnings before the deduction for the estimated current corporate taxes and the payable under Apollo's TRA.

Per share calculations are based on end of period Distributable Earnings Shares Outstanding, which consists of (3) total Class A shares outstanding, AOG Units and RSUs that participate in distributions (collectively referred to as "common and equivalents").

(4) Retained capital is withheld pro-rata from common and equivalent holders.

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Summary of Non-U.S. GAAP Measures

The table below sets forth a reconciliation of net income attributable Apollo Global Management, LLC Class A Shareholders to our non-U.S. GAAP performance measures:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in thousands)			
Net Income Attributable to Apollo Global Management, LLC Class A Shareholders	\$ 162,357	\$ 198,569	\$ 154,370	\$ 430,673
Preferred distributions	9,164	4,383	22,499	9,155
Net income attributable to Non-Controlling Interests in consolidated entities	11,340	1,048	26,035	8,967
Net income attributable to Non-Controlling Interests in the Apollo Operating Group	179,831	230,363	194,250	533,540
Net Income	\$362,692	\$434,363	\$397,154	\$982,335
Income tax provision	19,092	16,542	46,596	54,926
Income Before Income Tax Provision	\$381,784	\$450,905	\$443,750	\$1,037,261
Transaction-related charges and equity-based compensation	1,253	8,514	(3,800)	10,789
Net income attributable to Non-Controlling Interests in consolidated entities	(11,340)	(1,048)	(26,035)	(8,967)
Economic Income ⁽¹⁾	\$371,697	\$458,371	\$413,915	\$1,039,083
Income tax provision on Economic Income	(28,451)	(22,356)	(69,877)	(83,125)
Preferred distributions	(9,164)	(4,383)	(22,499)	(9,155)
Economic Net Income	\$334,082	\$431,632	\$321,539	\$946,803
Preferred distributions	9,164	4,383	22,499	9,155
Income tax provision on Economic Income	28,451	22,356	69,877	83,125
Performance fees ⁽²⁾	(119,478)	(340,401)	(126,332)	(821,210)
Profit sharing expense	86,885	131,445	185,565	337,721
Equity-based compensation ⁽³⁾	19,951	17,058	53,342	51,369
Principal investment income	(17,738)	(48,014)	(27,926)	(104,447)
Net gains from investment activities	(155,262)	(68,529)	(20,560)	(102,620)
Net interest loss	9,521	11,509	29,798	35,564
Other	1,482	750	7,826	1,668
Fee Related Earnings	\$197,058	\$162,189	\$515,628	\$437,128
Depreciation, amortization and other, net	1,569	5,825	6,651	10,860
Fee Related EBITDA	\$198,627	\$168,014	\$522,279	\$447,988
Realized performance fees ⁽⁴⁾	93,031	54,802	329,807	433,591
Realized profit sharing expense ⁽⁴⁾	(54,180)	(35,673)	(187,637)	(203,479)
Fee Related EBITDA + 100% of Net Realized Performance Fees	\$237,478	\$187,143	\$664,449	\$678,100
Non-cash revenues	(842)	(842)	(2,527)	(2,527)
Realized principal investment income	17,787	10,339	60,553	42,433
Net interest loss	(9,521)	(11,509)	(29,798)	(35,564)
Distributable Earnings	\$244,902	\$185,131	\$692,677	\$682,442
Taxes and related payables	(9,734)	(7,272)	(34,770)	(20,344)
Preferred distributions	(9,164)	(4,383)	(22,499)	(9,155)
Distributable Earnings After Taxes and Related Payables	\$226,004	\$173,476	\$635,408	\$652,943

(1) See note 15 for more details regarding Economic Income for the combined segments.

(2) Excludes performance fees from business development companies.

(3)

Explanation of Responses:

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Includes equity-based compensation related to RSUs (excluding RSUs granted in connection with the 2007 private placement), share options and restricted share awards.

(4) Excludes realized performance fees and realized profit sharing expense in the form of Athene shares.

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Liquidity and Capital Resources

Overview

Apollo's business model primarily derives revenues and cash flows from the assets it manages. Apollo targets operating expense levels such that fee income exceeds total operating expenses each period. The company intends to distribute to its shareholders on a quarterly basis substantially all of its distributable earnings after taxes and related payables in excess of amounts determined to be necessary or appropriate to provide for the conduct of the business. As a result, the Company requires limited capital resources to support the working capital or operating needs of the business. While primarily met by cash flows generated through fee income received, liquidity needs are also met (to a limited extent) through proceeds from borrowings and equity issuances as described in note 9 and note 12 to the condensed consolidated financial statements, respectively. The Company had cash and cash equivalents of \$0.9 billion at September 30, 2018.

Primary Sources & Uses of Cash

The Company has multiple sources of short-term liquidity to meet its capital needs, including cash on hand, annual cash flows from its activities, and available funds from the Company's \$750 million revolving credit facility as of September 30, 2018. The Company believes these sources will be sufficient to fund our capital needs for at least the next twelve months. If the Company determines that market conditions are favorable after taking into account our liquidity requirements, we may seek to issue additional senior notes, preferred equity, or other financing instruments. The section below discusses in more detail the Company's primary sources and uses of cash and the primary drivers of cash flows within the Company's condensed consolidated statements of cash flows:

	For the Nine Months Ended September 30,	
	2018	2017
	(in thousands)	
Operating Activities	\$770,890	\$670,392
Investing Activities	(169,604)	(244,719)
Financing Activities	(538,017)	(295,901)
Net Increase in Cash and Cash Equivalents, Restricted Cash and Cash Held at Consolidated Variable Interest Entities	\$63,269	\$129,772

Operating Activities

The Company's operating activities support its asset management activities. The primary sources of cash within the operating activities section include: (a) management fees, (b) advisory and transaction fees, (c) realized performance revenues, and (d) realized principal investment income. The primary uses of cash within the operating activities section include: (a) compensation and non-compensation related expenses, (b) placement fees, and (c) interest and taxes.

During the nine months ended September 30, 2018 and 2017, cash provided by operating activities primarily includes cash inflows from the receipt of management fees, advisory and transaction fees, realized performance revenues, and realized principal investment income, offset by cash outflows for compensation, general, administrative, and other expenses. Net cash provided by operating activities also reflects the operating activity of our consolidated funds and VIEs, which primarily include cash inflows from the sale of investments offset by cash outflows for purchases of investments.

Investing Activities

The Company's investing activities support growth of its business. The primary sources of cash within the investing activities section include distributions from investments. The primary uses of cash within the investing activities section include: (a) capital expenditures, (b) investment purchases, including purchases of U.S. Treasury securities, and (c) equity method investments in the funds we manage.

During the nine months ended September 30, 2018, cash used by investing activities primarily reflects purchases of U.S. Treasury securities and other investments and net contributions to equity method investments, offset by proceeds from maturities of U.S. Treasury securities.

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Explanation of Responses:

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During the nine months ended September 30, 2017, cash used by investing activities primarily reflects purchases of U.S. Treasury securities and net contributions to equity method investments, offset by repayment of related party loans.

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Financing Activities

The Company's financing activities reflect its capital market transactions and transactions with owners. The primary sources of cash within the financing activities section includes proceeds from debt and preferred equity issuances. The primary uses of cash within the financing activities section include: (a) distributions, (b) tax receivable agreement payments, (c) share repurchases, (d) net share settlements, and (e) repayments of debt.

During the nine months ended September 30, 2018, cash used by financing activities primarily reflects repayments on the Term Facility and distributions to Class A shareholders and Non-Controlling interest holders, partially offset by proceeds from the issuance of the Series B Preferred shares and the 2048 Senior Notes.

During the nine months ended September 30, 2017, cash used by financing activities primarily reflects distributions to Class A shareholders and Non-Controlling interest holders, offset by proceeds from the issuance of Series A Preferred shares. Net cash provided by financing activities also reflects the financing activity of our consolidated funds and VIEs, which primarily include cash inflows from the issuance of debt offset by cash outflows for the principal repayment of debt.

Future Debt Obligations

The Company had long-term debt of \$1.4 billion at September 30, 2018, which includes \$1.3 billion of Senior Notes with maturities in 2024, 2026 and 2048. See note 9 to the condensed consolidated financial statements for further information regarding the Company's debt arrangements.

Contractual Obligations, Commitments and Contingencies

The Company had unfunded general partner commitments of \$1.4 billion at September 30, 2018, of which \$692 million related to Fund IX. For a summary and a description of the nature of the Company's commitments, contingencies and contractual obligations, see note 14 to the condensed consolidated financial statements and "—Contractual Obligations, Commitments and Contingencies". The Company's commitments are primarily fulfilled through cash flows from operations and (to a limited extent) through borrowings and equity issuances as described in note 9 and note 12 to the condensed consolidated financial statements, respectively.

Consolidated Funds and VIEs

The Company manages its liquidity needs by evaluating unconsolidated cash flows; however, the Company's financial statements reflect the financial position of Apollo as well as Apollo's consolidated funds and VIEs. The primary sources and uses of cash at Apollo's consolidated funds and VIEs include: (a) raising capital from their investors, which have been reflected historically as Non-Controlling Interests of the consolidated subsidiaries in our financial statements, (b) using capital to make investments, (c) generating cash flows from operations through distributions, interest and the realization of investments, (d) distributing cash flow to investors, and (e) issuing debt to finance investments (CLOs).

Other Liquidity and Capital Resource Considerations

Future Cash Flows

Our ability to execute our business strategy, particularly our ability to increase our AUM, depends on our ability to establish new funds and to raise additional investor capital within such funds. Our liquidity will depend on a number of factors, such as our ability to project our financial performance, which is highly dependent on our funds and our ability to manage our projected costs, fund performance, access to credit facilities, compliance with existing credit agreements, as well as industry and market trends. Also during economic downturns the funds we manage might experience cash flow issues or liquidate entirely. In these situations we might be asked to reduce or eliminate the management fee and incentive fees we charge, which could adversely impact our cash flow in the future.

An increase in the fair value of our funds' investments, by contrast, could favorably impact our liquidity through higher management fees where the management fees are calculated based on the net asset value, gross assets or adjusted assets. Additionally, higher performance fees not yet realized would generally result when investments appreciate over their cost basis which would not have an impact on the Company's cash flow until realized.

Consideration of Financing Arrangements

As noted above, in limited circumstances, the Company may issue debt or preferred shares to supplement its liquidity. The decision to enter into a particular financing arrangement is made after careful consideration of various factors including the

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Company's cash flows from operations, future cash needs, current sources of liquidity, demand for the Company's debt or equity, and prevailing interest rates.

Revolver Facility

As further described in note 9 to the condensed consolidated financial statements, the 2013 AMH Credit Facilities and all related loan documents were terminated as of July 11, 2018. Under the Company's 2018 AMH Credit Facility, the Company may borrow in an aggregate amount not to exceed \$750 million and may incur incremental facilities in an aggregate amount not to exceed \$250 million plus additional amounts so long as the Borrower is in compliance with a net leverage ratio not to exceed 4.00 to 1.00. Borrowings under the 2018 AMH Credit Facility may be used for working capital and general corporate purposes, including without limitation, permitted acquisitions. As of September 30, 2018, the 2018 AMH Credit Facility was undrawn.

Distributions

For information regarding the quarterly distributions which were made at the sole discretion of the Company's manager during 2018 and 2017 to Class A shareholders, Non-Controlling Interest holders in the Apollo Operating Group and participating securities, see note 12 to the condensed consolidated financial statements.

Although the Company expects to pay distributions according to our distribution policy, we may not pay distributions according to our policy, or at all, if, among other things, we do not have the cash necessary to pay the intended distributions. To the extent we do not have cash on hand sufficient to pay distributions, we may have to borrow funds to pay distributions, or we may determine not to pay distributions. The declaration, payment and determination of the amount of our quarterly distributions are at the sole discretion of our manager.

On October 31, 2018, the Company declared a cash distribution of \$0.46 per Class A share, which will be paid on November 30, 2018 to holders of record on November 20, 2018. Also, the Company declared a cash distribution of \$0.398438 per Series A Preferred share and Series B Preferred share which will be paid on December 17, 2018 to holders of record on November 30, 2018.

Tax Receivable Agreement

The tax receivable agreement provides for the payment to the Managing Partners and Contributing Partners of 85% of the amount of cash savings, if any, in U.S. federal, state, local and foreign income taxes that APO Corp. realizes subject to the agreement. For more information regarding the tax receivable agreement, see note 13 to the condensed consolidated financial statements.

APO Share Repurchases

In February 2016, Apollo announced its adoption of a program to repurchase up to \$250 million in the aggregate of its Class A shares, including up to \$150 million in the aggregate of its outstanding Class A shares through a share repurchase program and up to \$100 million through a reduction of Class A shares to be issued to employees to satisfy associated tax obligations in connection with the settlement of equity-based awards granted under the 2007 Equity Plan, which we refer to as net share settlement. Under the share repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise, with the size and timing of these repurchases depending on legal requirements, price, market and economic conditions and other factors.

AINV Share Purchases

On March 11, 2016, it was announced that Apollo intended to embark on a program to purchase \$50 million of AINV's common stock, subject to certain regulatory approvals. Under the program, shares may be purchased from time to time in open market transactions and in accordance with applicable law. As of September 30, 2018, Apollo had purchased approximately 871 thousand shares, or approximately \$4.9 million of AINV's common stock.

Athora

On April 14, 2017, Apollo made an unfunded commitment of €125 million to purchase new Class B-1 equity interests in Athora, a strategic platform established to acquire traditional closed life insurance policies and provide capital and reinsurance solutions to insurers in Europe. In January 2018, Apollo purchased Class C-1 equity interests in Athora that represent a profits interest in Athora which, upon meeting certain vesting triggers, will be convertible by Apollo into additional Class B-1 equity interests in Athora. Apollo and Athene are minority investors in Athora and long term strategic partners with aggregate voting

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power of 35% and 10%, respectively. For more information regarding unfunded general partner commitments, see “—Contractual Obligations, Commitments and Contingencies”.

Fund VII, Fund VI and ANRP II Escrow

As of September 30, 2018, the remaining investments and escrow cash of Fund VII, Fund VI and ANRP II were valued at 93%, 90% and 108% of the fund’s unreturned capital, respectively, which was below the required escrow ratio of 115%. As a result, these funds are required to place in escrow current and future performance fees distributions to the general partner until the specified return ratio of 115% is met (at the time of a future distribution) or upon liquidation.

Clawback

Performance fees from our private equity funds and certain credit and real assets funds is subject to contingent repayment by the general partner in the event of future losses to the extent that the cumulative performance fees distributed from inception to date exceeds the amount computed as due to the general partner at the final distribution. See “—Overview of Results of Operations—Performance Fees” for the maximum performance fees subject to potential reversal by each fund.

Indemnification Liability

The Company recorded an indemnification liability in the event that our Managing Partners, Contributing Partners and certain investment professionals are required to pay amounts in connection with a general partner obligation to return previously distributed performance fees. See note 13 to the condensed consolidated financial statements for further information regarding the Company’s indemnification liability.

Investment Management Agreements - Athene Asset Management

On September 20, 2018, a subsidiary of Apollo Global Management, LLC entered into a letter agreement (the “Letter Agreement”) with Athene Holding Ltd. In the Letter Agreement, each of the Company and Athene agreed that, if the shareholders of Athene approve an amendment and restatement of the bye-laws of Athene (further described below), it will execute the amendment and restatement of the Sixth Amended and Restated Fee Agreement, dated June 7, 2018, between the Company and Athene (the “Existing Fee Agreement”) in substantially the form attached as an exhibit to the Letter Agreement (the “Proposed Amended Fee Agreement”).

The Proposed Amended Fee Agreement provides for a monthly fee to be payable by Athene to the Company in arrears, with retroactive effect to the month beginning on January 1, 2019, in an amount equal to the following, to the extent not otherwise payable to the Company pursuant to any one or more investment management or sub-advisory agreements or arrangements:

(1) a base management fee equal to the sum of (i) 0.225% per annum of the lesser of (A) the aggregate market value of substantially all of the assets in substantially all of the investment accounts of or relating to Athene (collectively, the “Accounts”) on December 31, 2018 (the “Backbook Value”) and (B) the aggregate market value of substantially all of the assets in the Accounts at the end of the respective month, plus (ii) 0.15% per annum of the amount, if any (the “Incremental Value”), by which the aggregate market value of substantially all of the assets in the Accounts at the end of the respective month exceeds the Backbook Value; plus

(2) with respect to each asset in an Account, subject to certain exceptions, that is managed by the Company and that belongs to a specified asset class tier (“core,” “core plus,” “yield,” and “high alpha”), a sub-allocation fee as follows, which will, in the case of assets acquired after January 1, 2019, be subject to a cap of 10% of the applicable asset’s gross book yield:

- (i) 0.065% of the market value of “core assets,” which include public investment grade corporate bonds, municipal securities, and agency residential mortgage backed securities (“RMBS”);
- (ii) 0.13% of the market value of “core plus assets,” which include private investment grade corporate bonds, first lien commercial mortgage loans (“CML”), and long-term fixed rate mortgages;
- (iii) 0.375% of the market value of “yield assets,” which include non-agency RMBS, investment grade collateralized loan obligations (“CLO”), commercial mortgage backed securities and other asset-backed securities (other than RMBS), emerging market investments, below investment grade corporate bonds, residential mortgage loans, triple net leases, bank loans, investment grade infrastructure debt, and lower yielding floating rate mortgages;

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(iv)0.70% of the market value of “high alpha assets,” which include mezzanine CMLs, below investment grade CLOs, preferred equity, assets originated by MidCap, higher yielding mortgages and below investment grade infrastructure debt; and

(v)0.00% of the market value of cash, treasuries, equities and alternatives.

The base management fee covers a range of investment services that Athene receives from the Company, including investment management, asset allocation, mergers and acquisition asset diligence and certain operational support services such as investment compliance, tax, legal and risk management support, among others. Additionally, the Proposed Amended Fee Agreement provides for a possible payment by the Company to Athene, or a possible payment by Athene to the Company, equal to 0.025% of the Incremental Value as of the end of each year, beginning on December 31, 2019, depending upon the percentage of Athene’s investments that consist of core assets and core plus assets. In furtherance of yield support for Athene, if more than 60% of Athene’s invested assets which are subject to the sub-allocation fees are invested in core and core plus assets, Athene will receive a 0.025% fee reduction on the Incremental Value. As an incentive for differentiated asset management, if less than 50% of Athene’s invested assets which are subject to the sub-allocation fee are invested in core and core plus assets, thereby reflecting a higher allocation toward assets with the highest alpha-generating abilities, Athene will pay an additional fee of 0.025% on Incremental Value.

The Proposed Amended Fee Agreement is intended to provide for further alignment of interests between Athene and the Company. On the Backbook Value, assuming constant portfolio allocations, the near-term impact of the Proposed Amended Fee Agreement is anticipated to be immaterial. On the Incremental Value, assuming the same allocations as the Backbook Value, total fees paid by Athene to the Company are expected to be marginally lower than fees paid by Athene to the Company would be under the Existing Fee Agreement. If invested asset allocations are more heavily weighted to assets with lower alphas-generating abilities than Athene’s current investment portfolio, the fees that Athene pays to the Company under the Proposed Amended Fee Agreement would be expected to decline relative to the Existing Fee Agreement. Conversely, if a greater proportion of Athene’s investment portfolio is allocated to differentiated assets with higher alpha-generating abilities, Athene’s net investment earned rates would be expected to increase, and so would the fees Athene pays to the Company relative to the Existing Fee Agreement.

To incentivize the Company to make long-term investments that enhances its ability to continue to provide Athene with differentiated asset management, Athene has proposed changes to its existing Bye-Laws (the “Existing Bye-Laws”) set forth in an amendment and restatement of the Existing Bye-Laws in substantially the form attached as an exhibit to the Letter Agreement (the “Proposed Bye-Laws”). Specifically, the Proposed Bye-Laws, if adopted as the Bye-Laws of Athene, will (1) provide for the IMA and each New IMA (each such term as defined in the Existing Bye-Laws) to have initial terms of four years, beginning on the date on which the Proposed Bye-Laws are adopted as the Bye-Laws of Athene (the “Adoption Date”), that extend automatically for successive two-year periods unless otherwise terminated (with any such termination being effective no earlier than two years after the end of the then existing term), and (2) reflect conforming amendments, including by amending the IMA Termination Election Date (as defined in the Existing Bye-Laws) to be the fourth anniversary of the Adoption Date and each two-year anniversary of the Adoption Date. The Proposed Bye-Laws, if adopted as the Bye-Laws of Athene, will continue to permit Athene to terminate the IMA, or any New IMA, for cause. In the Letter Agreement, Athene (1) confirmed that its board of directors approved, and recommended that its shareholders approve, the Proposed Bye-Laws and (2) agreed that it will seek the approval of its shareholders of the Proposed Bye-Laws at the next annual general meeting of its shareholders.

Equity-Based Profit Sharing Expense

Profit sharing amounts are generally not paid until the related performance fees are distributed to the general partner upon realization of the fund’s investments. Under certain profit sharing arrangements, a portion of the performance fees distributed to the general partner is allocated by issuance of equity-based awards, rather than cash to employees. See note 2 to the condensed consolidated financial statements for further information regarding the accounting for the Company’s profit sharing arrangements.

Strategic Relationship Agreement with CalPERS

On April 20, 2010, the Company announced that it entered into a strategic relationship agreement with CalPERS. The strategic relationship agreement provides that Apollo will reduce fees charged to CalPERS on funds it manages, or in

the future will manage, solely for CalPERS by \$125 million over a five-year period or as close a period as required to provide CalPERS with that benefit. The agreement further provides that Apollo will not use a placement agent in connection with securing any future capital commitments from CalPERS. As of September 30, 2018, the Company had reduced fees charged to CalPERS on the funds it manages by approximately \$107.4 million.

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Critical Accounting Policies

This Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon the condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that could affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates. A summary of our significant accounting policies is presented in note 2 to our condensed consolidated financial statements. The following is a summary of our accounting policies that are affected most by judgments, estimates and assumptions.

Consolidation

The Company assesses all entities with which it is involved for consolidation on a case by case basis depending on the specific facts and circumstances surrounding each entity. Pursuant to the consolidation guidance, the Company first evaluates whether it holds a variable interest in an entity. Apollo factors in all economic interests including proportionate interests through related parties, to determine if such interests are to be considered a variable interest. As Apollo's interest in many of these entities is solely through market rate fees and/or insignificant indirect interests through related parties, Apollo is generally not considered to have a variable interest in many of these entities under the guidance and no further consolidation analysis is performed. For entities where the Company has determined that it does hold a variable interest, the Company performs an assessment to determine whether each of those entities qualify as a VIE.

The determination as to whether an entity qualifies as a VIE depends on the facts and circumstances surrounding each entity and therefore certain of Apollo's funds may qualify as VIEs under the variable interest model whereas others may qualify as voting interest entities ("VOEs") under the voting interest model. The granting of substantive kick-out rights is a key consideration in determining whether a limited partnership or similar entity is a VIE and whether or not that entity should be consolidated.

Under the voting interest model, Apollo consolidates those entities it controls through a majority voting interest. Apollo does not consolidate those VOEs in which substantive kick-out rights have been granted to the unaffiliated investors to either dissolve the fund or remove the general partner.

Under the variable interest model, Apollo consolidates those entities where it is determined that the Company is the primary beneficiary of the entity. The Company is determined to be the primary beneficiary if it holds a controlling financial interest in the VIE defined as possessing both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. If Apollo alone is not considered to have a controlling financial interest in the VIE but Apollo and its related parties under common control in the aggregate have a controlling financial interest in the VIE, Apollo will still be deemed to be the primary beneficiary if it is the party within the related party group that is most closely associated with the VIE. If Apollo and its related parties not under common control in the aggregate have a controlling financial interest in a VIE, then Apollo is deemed to be the primary beneficiary if substantially all the activities of the entity are performed on behalf of Apollo. Apollo determines whether it is the primary beneficiary of a VIE at the time it becomes initially involved with the VIE and reconsiders that conclusion continuously. Investments and redemptions (either by Apollo, related parties of Apollo or third parties) or amendments to the governing documents of the respective entity may affect an entity's status as a VIE or the determination of the primary beneficiary.

The assessment of whether an entity is a VIE and the determination of whether Apollo should consolidate such VIE requires judgment by our management. Those judgments include, but are not limited to: (i) determining whether the total equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support, (ii) evaluating whether the holders of equity investment at risk, as a group, can make decisions that have a significant effect on the success of the entity, (iii) determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive the expected residual returns from an entity and (iv) evaluating the nature of the relationship and activities of those related parties with shared power or under common control for purposes of determining which party within the related-party group is most closely associated with the VIE. Judgments are also made in determining whether a member in the equity group has a controlling financial

interest including power to direct activities that most significantly impact the VIE's economic performance and rights to receive benefits or obligations to absorb losses that could be potentially significant to the VIE. This analysis considers all relevant economic interests including proportionate interests held through related parties.

Revenue Recognition

Performance Fees. We earn performance fees from our funds as a result of such funds achieving specified performance criteria. Such performance fees generally are earned based upon a fixed percentage of realized and unrealized gains of various funds after meeting any applicable hurdle rate or threshold minimum.

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Performance allocations are performance fees that are generally structured from a legal standpoint as an allocation of capital to the asset manager. Performance allocations from certain of the funds that we manage are subject to contingent repayment and is generally paid to us as particular investments made by the funds are realized. If, however, upon liquidation of a fund, the aggregate amount paid to us as performance fees exceeds the amount actually due to us based upon the aggregate performance of the fund, the excess (in certain cases net of taxes) is required to be returned by us to that fund. We account for performance allocations as an equity method investment, and accordingly, we accrue performance allocations quarterly based on fair value of the underlying investments and separately assess if contingent repayment is necessary. The determination of performance allocations and contingent repayment considers both the terms of the respective partnership agreements and the current fair value of the underlying investments within the funds. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds and could vary depending on the valuation methodology that is used. See “Investments, at Fair Value” below for further discussion related to significant estimates and assumptions used for determining fair value of the underlying investments in our credit, private equity and real assets funds.

Incentive fees are performance fees structured as a contractual fee arrangement rather than a capital allocation. Incentive fees are generally received from the management of CLOs, managed accounts and AINV. For a majority of our incentive fees, once the quarterly or annual incentive fees have been determined, there is no look-back to prior periods for a potential contingent repayment, however, certain other incentive fees can be subject to contingent repayment at the end of the life of the entity. In accordance with the new revenue recognition standard, certain incentive fees are considered a form of variable consideration and therefore are deferred until fees are probable to not be significantly reversed. There is significant judgment involved in determining if the incentive fees are probable to not be significantly reversed, but generally the Company will defer the revenue until the fees are crystallized or are no longer subject to clawback or reversal.

Management Fees. Management fees related to our credit funds, can be based on net asset value, gross assets, adjusted cost of all unrealized portfolio investments, capital commitments, adjusted assets, capital contributions, or stockholders’ equity all as defined in the respective partnership agreements. The credit management fee calculations that consider net asset value, gross assets, adjusted cost of all unrealized portfolio investments and adjusted assets are normally based on the terms of the respective partnership agreements and the current fair value of the underlying investments within the funds. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds and could vary depending on the valuation methodology that is used. The management fees related to our private equity funds, by contrast, are generally based on a fixed percentage of the committed capital or invested capital. The corresponding fee calculations that consider committed capital or invested capital are both objective in nature and therefore do not require the use of significant estimates or assumptions. The management fees related to our real assets funds are generally based on a specific percentage of the funds’ stockholders’ equity or committed or net invested capital or the capital accounts of the limited partners. See “Investments, at Fair Value” below for further discussion related to significant estimates and assumptions used for determining fair value of the underlying investments in our credit, private equity and real assets funds.

Investments, at Fair Value

On a quarterly basis, Apollo utilizes valuation committees consisting of members from senior management, to review and approve the valuation results related to the investments of the funds it manages. For certain publicly traded vehicles managed by Apollo, a review is performed by an independent board of directors. The Company also retains independent valuation firms to provide third-party valuation consulting services to Apollo, which consist of certain limited procedures that management identifies and requests them to perform. The limited procedures provided by the independent valuation firms assist management with validating their valuation results or determining fair value. The Company performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analyses. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Credit Investments. The majority of investments in Apollo’s credit funds are valued based on quoted market prices and valuation models.

Quoted market prices are valued based on the average of the “bid” and the “ask” quotes provided by multiple brokers wherever possible without any adjustments. Apollo designates certain brokers to value specific securities. In order to determine the designated brokers, Apollo considers the following: (i) brokers with which Apollo has previously transacted, (ii) the underwriter of the security and (iii) active brokers indicating executable quotes. In addition, when valuing a security based on broker quotes wherever possible Apollo tests the standard deviation amongst the quotes received and the variance between the concluded fair value and the value provided by a pricing service. When broker quotes are not available, we use pricing service quotes or other sources to mark a position. When relying on a pricing service as a primary source, (i) Apollo analyzes how the price has moved over the measurement period, (ii) reviews the number of brokers included in the pricing service’s population and (iii) validates the valuation levels with Apollo’s pricing team and traders.

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Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value utilizing a model based approach to determine fair value. Valuation approaches used to estimate the fair value of illiquid credit investments also may include the market approach and the income approach, as previously described above. The valuation approaches used consider, as applicable, market risks, credit risks, counterparty risks and foreign currency risks.

Private Equity Investments. The majority of the illiquid investments within our private equity funds are valued using the market approach, which provides an indication of fair value based on a comparison of the subject company to comparable publicly traded companies and transactions in the industry.

Market Approach. The market approach is driven by current market conditions, including actual trading levels of similar companies and, to the extent available, actual transaction data of similar companies. Judgment is required by management when assessing which companies are similar to the subject company being valued. Consideration may also be given to any of the following factors: (1) the subject company's historical and projected financial data; (2) valuations given to comparable companies; (3) the size and scope of the subject company's operations; (4) the subject company's individual strengths and weaknesses; (5) expectations relating to the market's receptivity to an offering of the subject company's securities; (6) applicable restrictions on transfer; (7) industry and market information; (8) general economic and market conditions; and (9) other factors deemed relevant. Market approach valuation models typically employ a multiple that is based on one or more of the factors described above. Enterprise value as a multiple of EBITDA is common and relevant for most companies and industries, however, other industry specific multiples are employed where available and appropriate. Sources for gaining additional knowledge related to comparable companies include public filings, annual reports, analyst research reports, and press releases. Once a comparable company set is determined, we review certain aspects of the subject company's performance and determine how its performance compares to the group and to certain individuals in the group. We compare certain measurements such as EBITDA margins, revenue growth over certain time periods, leverage ratios and growth opportunities. In addition, we compare our entry multiple and its relation to the comparable set at the time of acquisition to understand its relation to the comparable set on each measurement date.

Income Approach. For investments where the market approach does not provide adequate fair value information, we rely on the income approach. The income approach is also used to validate the market approach within our private equity funds. The income approach provides an indication of fair value based on the present value of cash flows that a business or security is expected to generate in the future. The most widely used methodology for the income approach is a discounted cash flow method. Inherent in the discounted cash flow method are significant assumptions related to the subject company's expected results, the determination of a terminal value and a calculated discount rate, which is normally based on the subject company's weighted average cost of capital, or "WACC." The WACC represents the required rate of return on total capitalization, which is comprised of a required rate of return on equity, plus the current tax-effected rate of return on debt, weighted by the relative percentages of equity and debt that are typical in the industry. The most critical step in determining the appropriate WACC for each subject company is to select companies that are comparable in nature to the subject company and the credit quality of the subject company. Sources for gaining additional knowledge about the comparable companies include public filings, annual reports, analyst research reports, and press releases. The general formula then used for calculating the WACC considers the after-tax rate of return on debt capital and the rate of return on common equity capital, which further considers the risk-free rate of return, market beta, market risk premium and small stock premium, if applicable. The variables used in the WACC formula are inferred from the comparable market data obtained. The Company evaluates the comparable companies selected and concludes on WACC inputs based on the most comparable company or analyzes the range of data for the investment.

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

Real Assets Investments. For the CMBS portfolio of Apollo's funds, the estimated fair value of the CMBS portfolio is determined by reference to market prices provided by certain dealers who make a market in these financial instruments. Broker quotes are only indicative of fair value and may not necessarily represent what the funds would

receive in an actual trade for the applicable instrument. Additionally, the loans held-for-investment are stated at the principal amount outstanding, net of deferred loan fees and costs. The loans in Apollo's real assets funds are evaluated for possible impairment on a quarterly basis. For Apollo's real assets funds, valuations of non-marketable underlying investments are determined using methods that include, but are not limited to (i) discounted cash flow estimates or comparable analysis prepared internally, (ii) third party appraisals or valuations by qualified real estate appraisers, and (iii) contractual sales value of investments/properties subject to bona fide purchase contracts. Methods (i) and (ii) also incorporate consideration of the use of the income, cost, or sales comparison approaches of estimating property values.

Certain of our funds may also enter into foreign currency exchange contracts, total return swap contracts, credit default swap contracts, and other derivative contracts, which may include options, caps, collars and floors. Foreign currency exchange contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. If securities are held at the end of this period, the changes in value are recorded in income

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as unrealized gains or losses. Realized gains or losses are recognized when contracts are settled. Derivative contracts such as total return swaps and credit default swaps are recorded at fair value as an asset or liability, with changes in fair value recorded as unrealized appreciation or depreciation. Realized gains or losses are recognized at the termination of the contract based on the difference between the close-out price of the total return or credit default swap contract and the original contract price. Forward contracts are valued based on market rates obtained from counterparties or prices obtained from recognized financial data service providers.

The fair values of the investments in our funds can be impacted by changes to the assumptions used in the underlying valuation models. For further discussion on the impact of changes to valuation assumptions see “Item 7A. Quantitative and Qualitative Disclosures About Market Risk—Sensitivity” in our 2017 Annual Report. There have been no material changes to the valuation approaches utilized during the periods that our financial results are presented in this report.

Fair Value of Financial Instruments

Except for the Company’s debt obligations (each as defined in note 9 to our condensed consolidated financial statements), Apollo’s financial instruments are recorded at fair value or at amounts whose carrying values approximate fair value. See “—Investments, at Fair Value” above. While Apollo’s valuations of portfolio investments are based on assumptions that Apollo believes are reasonable under the circumstances, the actual realized gains or losses will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based. Financial instruments’ carrying values generally approximate fair value because of the short-term nature of those instruments or variable interest rates related to the borrowings.

Profit Sharing Expense. Profit sharing expense is primarily a result of agreements with our Contributing Partners and employees to compensate them based on the ownership interest they have in the general partners of the Apollo funds. Therefore, changes in the fair value of the underlying investments in the funds we manage and advise affect profit sharing expense. The Contributing Partners and employees are allocated approximately 30% to 50%, of the total performance fees which is driven primarily by changes in fair value of the underlying fund’s investments and is treated as compensation expense. Additionally, profit sharing expenses paid may be subject to clawback from employees, former employees and Contributing Partners to the extent not indemnified. When applicable, the accrual for potential clawback of previously distributed profit sharing amounts, which is a component of due from related parties on the condensed consolidated statements of financial condition, represents all amounts previously distributed to employees, former employees and Contributing Partners that would need to be returned to the general partner if the Apollo funds were to be liquidated based on the current fair value of the underlying funds’ investments as of the reporting date. The actual general partner receivable, however, would not become realized until the end of a fund’s life.

The Incentive Pool enables certain partners and employees to earn discretionary compensation based on performance fee realizations earned by the Company in a given year, which amounts are reflected in profit sharing expense in the accompanying condensed consolidated financial statements. The Company adopted the Incentive Pool to attract and retain, and provide incentive to, partners and employees of the Company and to more closely align the overall compensation of partners and employees with the overall realized performance of the Company. Allocations to the Incentive Pool and to its participants contain both a fixed and a discretionary component and may vary year-to-year depending on the overall realized performance of the Company and the contributions and performance of each participant. There is no assurance that the Company will continue to compensate individuals through performance-based incentive arrangements in the future and there may be periods when the executive committee of the Company’s manager determines that allocations of realized performance fees are not sufficient to compensate individuals, which may result in an increase in salary, bonus and benefits.

Fair Value Option. Apollo has elected the fair value option for the Company’s investment in Athene Holding, the assets and liabilities of certain of its consolidated VIEs (including CLOs), the Company’s U.S. Treasury securities with original maturities greater than three months when purchased and certain of the Company’s other investments. Such election is irrevocable and is applied to financial instruments on an individual basis at initial recognition. See notes 3, 5, and 6 to the condensed consolidated financial statements for further disclosure.

Equity-Based Compensation. Equity-based compensation is accounted for in accordance with U.S. GAAP, which requires that the cost of employee services received in exchange for an award is generally measured based on the grant date fair value of the award. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately. Equity-based employee awards that require future service are recognized over the relevant service period. In addition, the Company provides for the vesting of certain RSUs subject to continued employment and certain performance metrics being achieved. In accordance with U.S. GAAP, equity-based compensation expense for such awards is recognized on an accelerated recognition method over the requisite service period to the extent the performance metrics are met or deemed probable. In connection with the adoption of new share-based payment guidance during the quarter ended March 31, 2017, the Company made an accounting

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policy election to no longer estimate forfeitures in determining the number of equity-based awards that are expected to vest. Under the Company's new policy, which was applied prospectively as of January 1, 2017, forfeitures are accounted for when they occur. Apollo's equity-based awards consist of, or provide rights with respect to, AOG Units, RSUs, share options, restricted shares, AHL Awards and other equity-based compensation awards. For more information regarding Apollo's equity-based compensation awards, see note 11 to our condensed consolidated financial statements. The Company's assumptions made to determine the fair value on grant date are embodied in the calculations of compensation expense.

A significant part of our compensation expense is derived from amortization of RSUs. The fair value of all RSU grants after March 29, 2011 is based on the grant date fair value, which considers the public share price of the Company. The Company has three types of RSU grants, which we refer to as Plan Grants, Bonus Grants, and Performance Grants. Plan Grants may or may not provide the right to receive distribution equivalents until the RSUs vest and, for grants made after 2011, the underlying shares are generally issued by March 15th after the year in which they vest. For Plan Grants, the grant date fair value is based on the public share price of the Company, and is discounted for transfer restrictions and lack of distributions until vested if applicable. Bonus Grants provide the right to receive distribution equivalents on both vested and unvested RSUs and Performance Grants provide the right to receive distribution equivalents on vested RSUs and may also provide the right to receive distribution equivalents on unvested RSUs. Both Bonus Grants and Performance Grants are generally issued by March 15th of the year following the year in which they vest. For Bonus Grants and Performance Grants, the grant date fair value for the periods presented is based on the public share price of the Company, and is discounted for transfer restrictions. We utilized the present value of a growing annuity formula to calculate a discount for the lack of pre-vesting distributions on certain Plan Grant RSUs. The weighted average for the inputs utilized for the shares granted are presented in the table below for Plan Grants:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Distribution Yield ⁽¹⁾	5.4%	6.0%	5.8%	6.1%
Cost of Equity Capital Rate ⁽²⁾	10.8%	10.5%	10.8%	11.0%

(1) Calculated based on the historical distributions paid during the twelve months ended September 30, 2018 and the Company's Class A share price as of the measurement date of the grant on a weighted average basis.

(2) Assumes a discount rate that was equivalent to the opportunity cost of foregoing distributions on unvested Plan Grant RSUs as of the valuation date, based on the Capital Asset Pricing Model ("CAPM"). CAPM is a commonly used mathematical model for developing expected returns.

The following table summarizes the weighted average discounts for certain Plan Grants:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Plan Grants:				
Discount for the lack of distributions until vested ⁽¹⁾	5.4%	12.9%	12.2%	12.0%

(1) Based on the present value of a growing annuity calculation.

We utilize the Finnerty Model to calculate a marketability discount on the Plan Grant, Bonus Grant and Performance Grant RSUs to account for the lag between vesting and issuance. The Finnerty Model provides for a valuation discount reflecting the holding period restriction embedded in a restricted security preventing its sale over a certain

period of time.

The Finnerty Model proposes to estimate a discount for lack of marketability such as transfer restrictions by using an option pricing theory. This model has gained recognition through its ability to address the magnitude of the discount by considering the volatility of a company's stock price and the length of restriction. The concept underpinning the Finnerty Model is that a restricted security cannot be sold over a certain period of time. Further simplified, a restricted share of equity in a company can be viewed as having forfeited a put on the average price of the marketable equity over the restriction period (also known as an "Asian Put Option"). If we price an Asian Put Option and compare this value to that of the assumed fully marketable underlying security, we can effectively estimate the marketability discount.

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The inputs utilized in the Finnerty Model are (i) length of holding period, (ii) volatility and (iii) distribution yield. The weighted average for the inputs utilized for the shares granted are presented in the table below for Plan Grants, Bonus Grants and Performance Grants:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Plan Grants:				
Holding Period Restriction (in years)	0.9	0.6	0.8	0.6
Volatility ⁽¹⁾	25.0%	23.4%	25.0%	22.1%
Distribution Yield ⁽²⁾	5.4%	6.0%	5.8%	6.1%
Bonus Grants:				
Holding Period Restriction (in years)	0.2	0.2	0.2	0.2
Volatility ⁽¹⁾	25.0%	23.0%	22.5%	22.6%
Distribution Yield ⁽²⁾	5.4%	6.0%	5.3%	5.4%
Performance Grants:				
Holding Period Restriction (in years)	1.2	N/A	1.2	N/A
Volatility ⁽¹⁾	24.5%	N/A	23.5%	N/A
Distribution Yield ⁽²⁾	5.4%	N/A	5.5%	N/A

(1) The Company determined the expected volatility based on the volatility of the Company's Class A share price as of the grant date with consideration to comparable companies.

(2) Calculated based on the historical distributions paid during the twelve months ended September 30, 2018 and the Company's Class A share price as of the measurement date of the grant on a weighted average basis.

The following table summarizes the weighted average marketability discounts for Plan Grants, Bonus Grants and Performance Grants:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Plan Grants:				
Marketability discount for transfer restrictions ⁽¹⁾	5.2%	4.0%	4.8%	3.5%
Bonus Grants:				
Marketability discount for transfer restrictions ⁽¹⁾	2.5%	2.3%	2.3%	2.3%
Performance Grants:				
Marketability discount for transfer restrictions ⁽¹⁾	5.8%	N/A	5.6%	N/A

(1) Based on the Finnerty Model calculation.

For awards granted prior to the adoption of the new share-based payment guidance, which was applied prospectively as of January 1, 2017, after the grant date fair value was determined, an estimated forfeiture rate was applied. The estimated fair value was determined and recognized over the vesting period on a straight-line basis and a 4.0% forfeiture rate was estimated for RSUs, based on the Company's historical attrition rate as well as industry comparable rates. If award recipients were no longer associated with Apollo or if there were no turnover, we would revise the estimated compensation expense to the actual amount of expense based on the RSUs vested at the reporting date in accordance with U.S. GAAP.

Bonus Grants constitute a component of the discretionary annual compensation awarded to certain of our professionals. During 2016, the Company increased the default portion of annual compensation to be awarded as a discretionary Bonus Grant relative to the portion awarded in previous years. The increase in the proportion of discretionary annual compensation awarded as a Bonus Grant has generally been offset by a decrease in discretionary annual cash bonuses. These changes are intended to further align the interests of Apollo's employees and stakeholders and strengthen the long-term commitment of our partners and employees.

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Fair Value Measurements

See note 6 to our condensed consolidated financial statements for a discussion of the Company's fair value measurements.

Recent Accounting Pronouncements

A list of recent accounting pronouncements that are relevant to Apollo and its industry is included in note 2 to our condensed consolidated financial statements.

Off-Balance Sheet Arrangements

In the normal course of business, we engage in off-balance sheet arrangements, including transactions in derivatives, guarantees, commitments, indemnifications and potential contingent repayment obligations. See note 14 to our condensed consolidated financial statements for a discussion of guarantees and contingent obligations.

Contractual Obligations, Commitments and Contingencies

The Company's material contractual obligations consisted of lease obligations, contractual commitments as part of the ongoing operations of the funds and debt obligations. Fixed and determinable payments due in connection with these obligations are as follows:

	Remaining 2018	2019	2020	2021	2022	Thereafter	Total
	(in thousands)						
Operating lease obligations	\$9,850	\$37,790	\$24,298	\$31,378	\$35,103	\$435,466	\$573,885
Other long-term obligations ⁽¹⁾	8,008	8,388	2,320	2,070	1,482	1,240	23,508
2018 AMH Credit Facility ⁽²⁾	169	675	675	675	675	358	3,227
2024 Senior Notes ⁽³⁾	5,000	20,000	20,000	20,000	20,000	528,333	613,333
2026 Senior Notes ⁽⁴⁾	5,500	22,000	22,000	22,000	22,000	574,983	668,483
2048 Senior Notes ⁽⁵⁾	3,750	15,000	15,000	15,000	15,000	678,750	742,500
2014 AMI Term Facility I	79	316	316	16,079	—	—	16,790
2014 AMI Term Facility II	78	313	313	313	17,953	—	18,970
2016 AMI Term Facility I	64	256	256	256	256	20,187	21,275
2016 AMI Term Facility II	66	265	265	19,190	265	19,075	39,126
Obligations as of September 30, 2018	\$32,564	\$105,003	\$85,443	\$126,961	\$112,734	\$2,258,392	\$2,721,097

Includes (i) payments on management service agreements related to certain assets and (ii) payments with respect to

(1) certain consulting agreements entered into by the Company. Note that a significant portion of these costs are reimbursable by funds.

(2) The commitment fee as of September 30, 2018 on the \$750 million undrawn Revolver Facility was 0.09%. See note 9 of the condensed consolidated financial statements for further discussion of the 2018 AMH Credit Facility. \$500 million of the 2024 Senior Notes matures in May 2024. The interest rate on the 2024 Senior Notes as of

(3) September 30, 2018 was 4.00%. See note 9 of the condensed consolidated financial statements for further discussion of the 2024 Senior Notes.

\$500 million of the 2026 Senior Notes matures in May 2026. The interest rate on the 2026 Senior Notes as of (4) September 30, 2018 was 4.40%. See note 9 of the condensed consolidated financial statements for further discussion of the 2026 Senior Notes.

\$300 million of the 2048 Senior Notes matures in March 2048. The interest rate on the 2048 Senior Notes as of (5) September 30, 2018 was 5.00%. See note 9 of the condensed consolidated financial statements for further discussion of the 2026 Senior Notes.

Note: Due to the fact that the timing of certain amounts to be paid cannot be determined or for other reasons discussed below, the following contractual commitments have not been presented in the table above.

As noted previously, we have entered into a tax receivable agreement with our Managing Partners and Contributing Partners which requires us to pay to our Managing Partners and Contributing Partners 85% of any tax savings (i) received by APO Corp. from our step-up in tax basis. The tax savings achieved may not ensure that we have sufficient cash available to pay this liability and we might be required to incur additional debt to satisfy this liability.

(ii) Debt amounts related to the consolidated VIEs are not presented in the table above as the Company is not a guarantor of these non-recourse liabilities.

In connection with the Stone Tower acquisition, the Company agreed to pay the former owners of Stone Tower a specified percentage of any future performance fees earned from certain of the Stone Tower funds, CLOs and (iii) strategic investment accounts. This contingent consideration liability is remeasured to fair value at each reporting period until the obligations are satisfied. See note 14 to the condensed consolidated financial statements for further information regarding the contingent consideration liability.

(iv) Commitments from certain of our subsidiaries to contribute to the funds we manage and certain related parties.

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Commitments

Certain of our management companies and general partners are committed to contribute to the funds we manage and certain related parties. While a small percentage of these amounts are funded by us, the majority of these amounts have historically been funded by our related parties, including certain of our employees and certain Apollo funds. The table below presents the commitment and remaining commitment amounts of Apollo and its related parties, the percentage of total fund commitments of Apollo and its related parties, the commitment and remaining commitment amounts of Apollo only (excluding related parties), and the percentage of total fund commitments of Apollo only (excluding related parties) for each credit, private equity and real assets fund as of September 30, 2018 as follows (\$ in millions):

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Fund	Apollo and Related Party Commitments	% of Total Fund Commitments	Apollo Only (Excluding Related Party) Commitments	Apollo Only (Excluding Related Party) % of Total Fund Commitments	Apollo and Related Party Remaining Commitments	Apollo Only (Excluding Related Party) Remaining Commitments
Credit:						
Apollo Credit Opportunity Fund III, L.P. (“COF III”)	\$ 358.1	10.45 %	\$ 83.1	2.43 %	\$ 83.9	\$ 20.5
Apollo Credit Opportunity Fund II, L.P. (“COF II”)	30.5	1.93	23.4	1.48	0.8	0.6
Apollo Credit Opportunity Fund I, L.P. (“COF I”)	449.2	30.26	29.7	2.00	237.1	4.2
Apollo European Principal Finance Fund III, L.P. (“EPF III ⁽¹⁾ ”)	609.4	13.36	93.2	2.04	484.7	75.8
Apollo European Principal Finance Fund II, L.P. (“EPF II ⁽¹⁾ ”)	411.7	11.85	60.2	1.73	100.1	18.9
Apollo European Principal Finance Fund, L.P. (“EPF I ⁽¹⁾ ”)	311.7	20.74	20.5	1.37	50.7	4.7
Financial Credit Investment III, L.P. (“FCI III”)	224.3	11.76	0.1	0.01	140.7	0.1
Financial Credit Investment II, L.P. (“FCI II”)	244.6	15.72	—	—	116.3	—
Financial Credit Investment I, L.P. (“FCI I”)	151.3	27.07	—	—	76.8	—
Apollo Structured Credit Recovery Master Fund IV, L.P. (“SCRF IV”)	409.5	18.36	49.5	2.22	198.0	24.0
MidCap	1,672.6	80.23	110.9	5.32	169.0	31.0
Apollo Moultrie Credit Fund, L.P.	400.0	100.00	—	—	190.0	—
Apollo/Palmetto Short-Maturity Loan Portfolio, L.P.	300.0	100.00	—	—	—	—
Apollo Asia Private Credit Fund, L.P. (“APC”)	158.5	69.06	0.1	0.04	40.2	—
Apollo Energy Opportunity Fund, L.P. (“AEOF”)	125.5	12.01	25.5	2.44	92.7	18.8
Apollo Accord Master Fund II, L.P. Athora ⁽¹⁾	274.7	35.17	11.6	1.49	274.7	11.6
	580.2	22.99	145.1	5.75	476.2	119.0
Other Credit	2,580.5	Various	260.2	Various	952.2	133.4
Private Equity:						
Fund IX ⁽²⁾	1,849.5	7.48	692.2	2.80	1,849.5	692.2
Fund VIII	1,543.5	8.40	395.5	2.15	353.1	91.4
Fund VII	467.2	3.18	178.1	1.21	69.6	25.6
Fund VI	246.3	2.43	6.1	0.06	9.7	0.2
Fund V	100.0	2.67	0.5	0.01	6.2	—
Fund IV	100.0	2.78	0.2	0.01	0.5	—
AION	151.0	18.28	50.0	6.05	54.9	17.8
ANRP I	426.1	32.21	10.1	0.76	68.0	1.3
ANRP II	581.2	16.83	25.9	0.75	277.5	12.2

Explanation of Responses:

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A.A. Mortgage Opportunities, L.P.	625.0	80.31	—	—	200.0	—
Apollo Rose, L.P.	299.1	100.00	—	—	74.3	—
Champ, L.P.	195.5	78.25	27.0	10.8	7.2	1.1
Apollo Royalties Management, LLC	108.6	100.00	—	—	—	—
Apollo Hybrid Value Fund, L.P.	727.5	30.66	57.5	2.42	707.4	56.0
Other Private Equity	326.2	Various	6.2	Various	118.3	1.5
Real Assets:						
U.S. RE Fund II ⁽³⁾	430.4	⁽³⁾ 44.14	4.7	0.49	231.2	3.0
U.S. RE Fund I ⁽³⁾	434.6	⁽³⁾ 66.63	16.5	2.54	120.9	2.7
CPI Capital Partners Europe, L.P. ⁽¹⁾	6.4	0.47	—	—	—	—
CPI Capital Partners Asia Pacific, L.P.	6.9	0.53	0.5	0.04	0.1	—
Asia RE Fund ⁽³⁾	411.1	⁽³⁾ 58.09	8.4	1.18	284.2	6.6
Other Real Assets	206.0	Various	1.7	Various	13.3	0.1
Other:						
Apollo SPN Investments I, L.P.	13.6	0.32	13.6	0.32	8.7	8.7
Total	\$ 18,548.0		\$ 2,407.8		\$ 8,138.7	\$ 1,383.0

(1) Apollo's commitment in these funds is denominated in Euros and translated into U.S. dollars at an exchange rate of €1.00 to \$1.16 as of September 30, 2018.

(2) Apollo Only (Excluding Related Party) Remaining Commitments related to Fund IX are subject to future syndication to Apollo employees.

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Figures for U.S. RE Fund I include base, additional, and co-investment commitments. A co-investment vehicle within U.S. RE Fund I is denominated in pound sterling and translated into U.S. dollars at an exchange rate of (3) £1.00 to \$1.30 as of September 30, 2018. Figures for U.S. RE Fund II and Asia RE Fund include co-investment commitments.

On April 30, 2015, Apollo entered into the AAA Investments Credit Agreement (see note 13 of our condensed consolidated financial statements for further disclosure regarding this facility). The 2018 AMH Credit Facility, 2024 Senior Notes, 2026 Senior Notes and 2048 Senior Notes will have future impacts on our cash uses. See note 9 of our condensed consolidated financial statements for information regarding the Company's debt arrangements.

Contingent Obligation—Performance fees with respect to certain credit and private equity funds and real assets funds is subject to reversal in the event of future losses to the extent of the cumulative performance fees recognized in income to date. See note 14 of our condensed consolidated financial statements for a description of our contingent obligation.

One of the Company's subsidiaries, AGS, provides underwriting commitments in connection with securities offerings to the portfolio companies of the funds Apollo manages. As of September 30, 2018, there were no underwriting commitments outstanding related to such offerings.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our predominant exposure to market risk is related to our role as investment manager and general partner for our funds and the sensitivity to movements in the fair value of their investments and resulting impact on performance fees and management fee revenues. Our direct investments in the funds also expose us to market risk whereby movements in the fair values of the underlying investments will increase or decrease both net gains (losses) from investment activities and income (loss) from equity method investments. For a discussion of the impact of market risk factors on our financial instruments see "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Investments, at Fair Value."

The fair value of our financial assets and liabilities of our funds may fluctuate in response to changes in the value of investments, foreign exchange, commodities and interest rates. The net effect of these fair value changes impacts the gains and losses from investments in our condensed consolidated statements of operations. However, the majority of these fair value changes are absorbed by the Non-Controlling Interests.

The Company is subject to a concentration risk related to the investors in its funds. Although there are more than 1,000 investors in Apollo's active credit, private equity and real assets funds, no individual investor accounts for more than 10% of the total committed capital to Apollo's active funds.

Risks are analyzed across funds from the "bottom up" and from the "top down" with a particular focus on asymmetric risk. We gather and analyze data, monitor investments and markets in detail, and constantly strive to better quantify, qualify and circumscribe relevant risks.

Each risk management process is subject to our overall risk tolerance and philosophy and our enterprise-wide risk management framework. This framework includes identifying, measuring and managing market, credit and operational risks at each segment, as well as at the fund and Company level.

Each segment runs its own investment and risk management process subject to our overall risk tolerance and philosophy:

Our credit funds continuously monitor a variety of markets for attractive trading opportunities, applying a number of traditional and customized risk management metrics to analyze risk related to specific assets or portfolios, as well as, fund-wide risks.

The investment process of our private equity funds involves a detailed analysis of potential acquisitions, and investment management teams assigned to monitor the strategic development, financing and capital deployment decisions of each portfolio investment.

At the direction of the Company's manager, the Company has established a risk committee comprised of various members of senior management including the Company's Chief Financial Officer, Chief Legal Officer, and the Company's Chief Risk Officer. The risk committee is tasked with assisting the Company's manager in monitoring and managing enterprise-wide risk. The risk committee generally meets on a quarterly basis and reports to senior management of the Company's manager at such times as the committee deems appropriate and at least on an annual basis.

On at least a monthly basis, the Company's risk department provides a summary analysis of fund level market and credit risk to the portfolio managers of the Company's funds and the heads of the various business segments. On a periodic basis,

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the Company’s risk department presents a consolidated summary analysis of fund level market and credit risk to the Company’s risk committee. In addition, the Company’s Chief Risk Officer reviews specific investments from the perspective of risk mitigation and discusses such analysis with the Company’s risk committee and/or the executive committee of the Company’s manager at such times as the Company’s Chief Risk Officer determines such discussions are warranted. On an annual basis, the Company’s Chief Risk Officer provides senior management of the Company’s manager with a comprehensive overview of risk management along with an update on current and future risk initiatives.

Impact on Management Fees—Our management fees are based on one of the following:

- capital commitments to an Apollo fund;
- capital invested in an Apollo fund;
- the gross, net or adjusted asset value of an Apollo fund, as defined; or
- as otherwise defined in the respective agreements.

Management fees could be impacted by changes in market risk factors and management could consider an investment permanently impaired as a result of (i) such market risk factors causing changes in invested capital or in market values to below cost, in the case of certain credit funds and our private equity funds or (ii) such market risk factors causing changes in gross or net asset value, for the credit funds. The proportion of our management fees that are based on NAV is dependent on the number and types of our funds in existence and the current stage of each fund’s life cycle.

Impact on Advisory and Transaction Fees—We earn transaction fees relating to the negotiation of credit, private equity and real assets transactions and may obtain reimbursement for certain out-of-pocket expenses incurred. Subsequently, on a quarterly or annual basis, ongoing advisory fees, and additional transaction fees in connection with additional purchases, dispositions, or follow-on transactions, may be earned. Management Fee Offsets and any broken deal costs, if applicable, are reflected as a reduction to advisory and transaction fees. Advisory and transaction fees will be impacted by changes in market risk factors to the extent that they limit our opportunities to engage in credit, private equity and real assets transactions or impair our ability to consummate such transactions. The impact of changes in market risk factors on advisory and transaction fees is not readily predicted or estimated.

Impact on Performance Fees—We earn performance fees from our funds as a result of such funds achieving specified performance criteria. Our performance fees will be impacted by changes in market risk factors. However, several major factors will influence the degree of impact:

- the performance criteria for each individual fund in relation to how that fund’s results of operations are impacted by changes in market risk factors;
- whether such performance criteria are annual or over the life of the fund;
- to the extent applicable, the previous performance of each fund in relation to its performance criteria; and
- whether each funds’ performance fees distributions are subject to contingent repayment.

As a result, the impact of changes in market risk factors on performance fees will vary widely from fund to fund. The impact is heavily dependent on the prior and future performance of each fund, and therefore is not readily predicted or estimated.

Market Risk—We are directly and indirectly affected by changes in market conditions. Market risk generally represents the risk that values of assets and liabilities or revenues and expenses will be adversely affected by changes in market conditions. Market risk is inherent in each of our investments and activities, including equity investments, loans, short-term borrowings, long-term debt, hedging instruments, credit default swaps and derivatives. Just a few of the market conditions that may shift from time to time, thereby exposing us to market risk, include fluctuations in interest and currency exchange rates, equity prices, changes in the implied volatility of interest rates and price deterioration. Volatility in debt and equity markets can impact our pace of capital deployment, the timing of receipt of transaction fee revenues and the timing of realizations. These market conditions could have an impact on the value of fund investments and rates of return. Accordingly, depending on the instruments or activities impacted, market risks can have wide ranging, complex adverse effects on our results from operations and our overall financial condition. We monitor market risk using certain strategies and methodologies which management evaluates periodically for appropriateness. We intend to continue to monitor this risk going forward and continue to monitor our exposure to all market factors.

Interest Rate Risk—Interest rate risk represents exposure we and our funds have to instruments whose values vary with the change in interest rates. These instruments include, but are not limited to, loans, borrowings, investments in interest bearing securities and derivative instruments. We may seek to mitigate risks associated with the exposures by having our funds

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take offsetting positions in derivative contracts. Hedging instruments allow us to seek to mitigate risks by reducing the effect of movements in the level of interest rates, changes in the shape of the yield curve, as well as, changes in interest rate volatility. Hedging instruments used to mitigate these risks may include related derivatives such as options, futures and swaps.

Credit Risk—Certain of our funds are subject to certain inherent risks through their investments.

Certain of our entities invest substantially all of their excess cash in open-end money market funds and money market demand accounts, which are included in cash and cash equivalents. The money market funds invest primarily in government securities and other short-term, highly liquid instruments with a low risk of loss. We continually monitor the funds' performance in order to manage any risk associated with these investments.

Certain of our funds hold derivative instruments that contain an element of risk in the event that the counterparties may be unable to meet the terms of such agreements. We seek to minimize our risk exposure by limiting the counterparties with which our funds enter into contracts to banks and investment banks who meet established credit and capital guidelines. As of September 30, 2018, we do not expect any counterparty to default on its obligations and therefore do not expect to incur any loss due to counterparty default.

Foreign Exchange Risk—Foreign exchange risk represents exposures our funds have to changes in the values of current fund holdings and future cash flows denominated in other currencies and investments in non-U.S. companies. The types of investments exposed to this risk include investments in foreign subsidiaries, foreign currency-denominated loans, foreign currency-denominated transactions, and various foreign exchange derivative instruments whose values fluctuate with changes in currency exchange rates or foreign interest rates. Instruments used to mitigate this risk are foreign exchange options, currency swaps, futures and forwards. These instruments may be used to help insulate our funds against losses that may arise due to volatile movements in foreign exchange rates and/or interest rates.

In our capacity as investment manager of the funds we manage, we continuously monitor a variety of markets for attractive opportunities for managing risk. For example, certain of the funds we manage may put in place foreign exchange hedges or borrowings with respect to certain foreign currency denominated investments to provide a hedge against foreign exchange exposure.

Non-U.S. Operations—We conduct business throughout the world and are continuing to expand into foreign markets. We currently have offices outside the U.S. in Toronto, London, Frankfurt, Madrid, Luxembourg, Mumbai, Delhi, Singapore, Hong Kong and Shanghai and have been strategically growing our international presence. Our fund investments and our revenues are primarily derived from our U.S. operations. With respect to our non-U.S. operations, we are subject to risk of loss from currency fluctuations, social instability, changes in governmental policies or policies of central banks, expropriation, nationalization, unfavorable political and diplomatic developments and changes in legislation relating to non-U.S. ownership. Our funds also invest in the securities of companies which are located in non-U.S. jurisdictions. As we continue to expand globally, we will continue to focus on monitoring and managing these risk factors as they relate to specific non-U.S. investments.

ITEM 4. CONTROLS AND PROCEDURES

We maintain “disclosure controls and procedures”, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have

concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective at the reasonable assurance level to accomplish their objectives of ensuring that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated

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to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

No changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during our most recent quarter, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See note 14 to our condensed consolidated financial statements for a summary of the Company's legal proceedings.

ITEM 1A. RISK FACTORS

For a discussion of our potential risks and uncertainties, see the information under the heading "Risk Factors" in our 2017 Annual Report, which is accessible on the Securities and Exchange Commission's website at www.sec.gov.

There have been no material changes to the risk factors for the three months ended September 30, 2018.

The risks described in our 2017 Annual Report are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/ or operating results.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES

On August 7, 2018 and August 15, 2018, we issued 236,826 and 103,874 Class A shares, respectively, net of taxes to Apollo Management Holdings, L.P., a subsidiary of Apollo Global Management, LLC, in connection with issuances of shares to participants in the 2007 Equity Plan for an aggregate purchase price of \$8.4 million and \$3.6 million, respectively. The issuance was exempt from registration under the Securities Act in accordance with Section 4(a)(2) and Rule 506(b) thereof, as transactions by the issuer not involving a public offering. We determined that the purchaser of Class A shares in the transactions, Apollo Management Holdings, L.P., was an accredited investor.

Issuer Purchases of Equity Securities

The following table sets forth purchases of our Class A shares made by us or on our behalf during the fiscal quarter ended September 30, 2018.

Period	Number of Class A Shares Purchased ⁽¹⁾	Average Price Paid per Share	Class A Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Approximate Dollar Value of Class A Shares that May be Purchased Under the Plan or Programs
July 1, 2018 through July 31, 2018	—	\$ —	—	\$101,488,628
August 1, 2018 through August 31, 2018	831,876	35.31	721,653	76,007,061
September 1, 2018 through September 30, 2018	—	—	—	76,007,061
Total	831,876		721,653	

Certain Apollo employees receive a portion of the profit sharing proceeds of certain funds in the form of (a) restricted Class A shares of AGM that they are required to purchase with such proceeds or (b) RSUs, in each case which equity-based awards generally vest over three years. These equity-based awards are granted under the Company's 2007 Equity Plan. To prevent dilution on account of these awards, Apollo may, in its discretion, repurchase Class A shares on the open market and retire them. During the three months ended September 30, 2018, we repurchased 110,223 Class A shares at an average price paid per share of \$35.31 in open-market transactions not pursuant to a publicly-announced repurchase plan or program on account of these awards. See note 12 for further information on Class A Shares.

(2) In February 2016, the Company announced its adoption of a program to repurchase up to \$250 million in the aggregate of its Class A shares, including up to \$150 million in the aggregate of its outstanding Class A shares through a share repurchase program and up to \$100 million through a reduction of Class A shares to be issued to

employees to satisfy associated tax obligations in connection with the settlement of equity-based awards granted under the 2007 Equity Plan, which we refer to as net share settlement. Under the share repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise, with the size and timing of these repurchases depending on legal requirements, price, market and economic conditions and other factors. The Company expects that the share repurchase program, which has no expiration date, will be in effect until the maximum approved dollar amount has been used to repurchase Class A shares. The share repurchase program does not require the Company to repurchase any specific number of Class A shares, and the share repurchase program may be suspended, extended, modified or discontinued at any time.

Reductions of

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Class A shares issued to employees to satisfy associated tax obligations in connection with the settlement of equity-based awards granted under the 2007 Equity Plan are not included in the table. The Company intends to continue the net share settlement program in excess of the \$100 million pursuant to the repurchase program announced in February 2016.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
3.1	<u>Certificate of Formation of Apollo Global Management, LLC (incorporated by reference to Exhibit 3.1 to the Registrant’s Registration Statement on Form S-1 (File No. 333-150141)).</u>
3.2	<u>Third Amended and Restated Limited Liability Company Agreement of Apollo Global Management, LLC dated March 19, 2018 (incorporated by reference to Exhibit 3.1 to the Registrant’s Form 8-K filed with the Securities and Exchange Commission on March 19, 2018 (File No. 001-35107)).</u>
4.1	<u>Specimen Certificate evidencing the Registrant’s Class A shares (incorporated by reference to Exhibit 4.1 to the Registrant’s Registration Statement on Form S-1 (File No. 333-150141)).</u>
4.2	<u>Indenture dated as of May 30, 2014, among Apollo Management Holdings, L.P., the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant’s Form 8-K filed with the Securities and Exchange Commission on May 30, 2014 (File No. 001-35107)).</u>
4.3	<u>First Supplemental Indenture dated as of May 30, 2014, among Apollo Management Holdings, L.P., the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant’s Form 8-K filed with the Securities and Exchange Commission on May 30, 2014 (File No. 001-35107)).</u>
4.4	<u>Form of 4.000% Senior Note due 2024 (included in Exhibit 4.2 to the Registrant’s Form 8-K filed with the Securities and Exchange Commission on May 30, 2014 (File No. 001-35107), which is incorporated by reference).</u>
4.5	<u>Second Supplemental Indenture dated as of January 30, 2015, among Apollo Management Holdings, L.P., the Guarantors party thereto, Apollo Principal Holdings X, L.P. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.5 to the Registrant’s Form 10-K for the period ended December 31, 2014 (File No. 001-35107)).</u>
4.6	<u>Third Supplemental Indenture dated as of February 1, 2016, among Apollo Management Holdings, L.P., the Guarantors party thereto, Apollo Principal Holdings XI, LLC and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.6 to the Registrant’s Form 10-Q for the period ended March 31, 2016 (File No. 001-35107)).</u>
4.7	<u>Fourth Supplemental Indenture dated as of May 27, 2016, among Apollo Management Holdings, L.P., the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant’s Form 8-K filed with the Securities and Exchange Commission on May 27, 2016 (File No. 001-35107)).</u>
4.8	<u>Form of 4.400% Senior Note due 2026 (included in Exhibit 4.1 to the Registrant’s Form 8-K filed with the Securities and Exchange Commission on May 27, 2016 (File No. 001-35107), which is incorporated by reference).</u>
4.9	

Explanation of Responses:

Fifth Supplemental Indenture dated as of April 13, 2017, among Apollo Management Holdings, L.P., the Guarantors party thereto, Apollo Principal Holdings XII, L.P. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.8 to the Registrant's Form 10-Q for the period ended March 31, 2017 (File No. 001-35107)).

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Exhibit Number	Exhibit Description
4.10	<u>Sixth Supplemental Indenture dated as of March 15, 2018, among Apollo Management Holdings, L.P., the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the registrant's Form 8-K filed with the Securities and Exchange Commission on March 15, 2018 (File No. 001-35107)).</u>
4.11	<u>Form of 5.000% Senior Note due 2018 (included in Exhibit 4.1 to the Registrant's Form 8-K filed with the Securities and Exchange Commission on March 15, 2018 (File No. 001-35107), which is incorporated by reference).</u>
4.12	<u>Form of 6.375% Series A Preferred Shares Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed with the Securities and Exchange Commission on March 7, 2017 (File No. 001-35107)).</u>
4.13	<u>Form of 6.375% Series B Preferred Shares Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed with the Securities and Exchange Commission on March 19, 2018 (File No. 001-35107)).</u>
10.1	<u>Amended and Restated Limited Liability Company Operating Agreement of AGM Management, LLC dated as of July 10, 2007 (incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).</u>
10.2	<u>Sixth Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings I, L.P. dated as of June 21, 2018 (incorporated by reference to Exhibit 10.2 to the Registrant's Form 10-Q for the period ended June 30, 2018 (File No. 001-35107)).</u>
10.3	<u>Sixth Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings II, L.P. dated as of June 21, 2018 (incorporated by reference to Exhibit 10.3 to the Registrant's Form 10-Q for the period ended June 30, 2018 (File No. 001-35107)).</u>
10.4	<u>Fifth Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings III, L.P. dated as of March 19, 2018 (incorporated by reference to Exhibit 10.4 to the Registrant's Form 10-Q for the period ended June 30, 2018 (File No. 001-35107)).</u>
10.5	<u>Fifth Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings IV, L.P. dated as of March 19, 2018 (incorporated by reference to Exhibit 10.5 to the Registrant's Form 10-Q for the period ended June 30, 2018 (File No. 001-35107)).</u>
+10.6	<u>Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).</u>
10.7	<u>Agreement Among Principals, dated as of July 13, 2007, by and among Leon D. Black, Marc J. Rowan, Joshua J. Harris, Black Family Partners, L.P., MJR Foundation LLC, AP Professional Holdings, L.P. and BRH Holdings, L.P. (incorporated by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).</u>

10.8 Shareholders Agreement, dated as of July 13, 2007, by and among Apollo Global Management, LLC, AP Professional Holdings, L.P., BRH Holdings, L.P., Black Family Partners, L.P., MJR Foundation LLC, Leon D. Black, Marc J. Rowan and Joshua J. Harris (incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).

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Exhibit Number	Exhibit Description
10.9	<u>Fifth Amended and Restated Exchange Agreement, dated as of April 28, 2017, by and among Apollo Global Management, LLC, Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings III, L.P., Apollo Principal Holdings IV, L.P., Apollo Principal Holdings V, L.P., Apollo Principal Holdings VI, L.P., Apollo Principal Holdings VII, L.P., Apollo Principal Holdings VIII, L.P., Apollo Principal Holdings IX, L.P., Apollo Principal Holdings X, L.P., Apollo Principal Holdings XI, LLC, Apollo Principal Holdings XII, L.P., AMH Holdings (Cayman), L.P. and the Apollo Principal Holders (as defined therein) from time to time party thereto (incorporated by reference to Exhibit 10.9 to the Registrant's Form 10-Q for the period ended March 31, 2017 (File No. 001-35107)).</u>
10.10	<u>Amended and Restated Tax Receivable Agreement, dated as of May 6, 2013, by and among APO Corp., Apollo Principal Holdings II, L.P., Apollo Principal Holdings IV, L.P., Apollo Principal Holdings VI, Apollo Principal Holdings VIII, L.P., AMH Holdings (Cayman), L.P. and each Holder defined therein. (incorporated by reference to Exhibit 10.10 to the Registrant's Form 10-Q for the period ended June 30, 2016 (File No. 001-35107)).</u>
10.11	<u>Employment Agreement with Leon D. Black dated January 4, 2017 (incorporated by reference to Exhibit 10.11 to the Registrant's Form 10-K for the period ended December 31, 2016 (File No. 001-35107)).</u>
10.12	<u>Employment Agreement with Marc J. Rowan dated January 4, 2017 (incorporated by reference to Exhibit 10.12 to the Registrant's Form 10-K for the period ended December 31, 2016 (File No. 001-35107)).</u>
10.13	<u>Employment Agreement with Joshua J. Harris dated January 4, 2017 (incorporated by reference to Exhibit 10.13 to the Registrant's Form 10-K for the period ended December 31, 2016 (File No. 001-35107)).</u>
10.14	<u>Fifth Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings V, L.P. dated as of June 21, 2018 (incorporated by reference to Exhibit 10.14 to the Registrant's Form 10-Q for the period ended June 30, 2018 (File No. 001-35107)).</u>
10.15	<u>Fifth Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings VI, L.P. dated as of June 21, 2018 (incorporated by reference to Exhibit 10.15 to the Registrant's Form 10-Q for the period ended June 30, 2018 (File No. 001-35107)).</u>
10.16	<u>Fourth Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings VII, L.P. dated as of March 19, 2018 (incorporated by reference to Exhibit 10.16 to the Registrant's Form 10-Q for the period ended June 30, 2018 (File No. 001-35107)).</u>
10.17	<u>Fourth Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings VIII, L.P. dated as of March 19, 2018 (incorporated by reference to Exhibit 10.17 to the Registrant's Form 10-Q for the period ended June 30, 2018 (File No. 001-35107)).</u>
10.18	<u>Fourth Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings IX, L.P. dated as of March 19, 2018 (incorporated by reference to Exhibit 10.18 to the Registrant's Form 10-Q for the period ended June 30, 2018 (File No. 001-35107)).</u>
10.19	<u>Third Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings X, L.P. dated as of March 19, 2018 (incorporated by reference to Exhibit 10.19 to the Registrant's Form 10-Q</u>

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for the period ended June 30, 2018 (File No. 001-35107)).

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Exhibit Number	Exhibit Description
10.20	<u>Third Amended and Restated Limited Liability Company Agreement of Apollo Principal Holdings XI, LLC dated as of March 19, 2018 (incorporated by reference to Exhibit 10.20 to the Registrant's Form 10-Q for the period ended June 30, 2018 (File No. 001-35107)).</u>
10.21	<u>Third Amended and Restated Exempted Limited Partnership Agreement of Apollo Principal Holdings XII, L.P. dated as of March 19, 2018 (incorporated by reference to Exhibit 10.21 to the Registrant's Form 10-Q for the period ended June 30, 2018 (File No. 001-35107)).</u>
10.22	<u>Fourth Amended and Restated Limited Partnership Agreement of Apollo Management Holdings, L.P. dated as of October 30, 2012 (incorporated by reference to Exhibit 10.25 to the Registrant's Form 10-Q for the period ended March 31, 2013 (File No. 001-35107)).</u>
10.23	<u>Settlement Agreement, dated December 14, 2008, by and among Huntsman Corporation, Jon M. Huntsman, Peter R. Huntsman, Hexion Specialty Chemicals, Inc., Hexion LLC, Nimbus Merger Sub, Inc., Craig O. Morrison, Leon Black, Joshua J. Harris and Apollo Global Management, LLC and certain of its affiliates (incorporated by reference to Exhibit 10.26 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).</u>
10.24	<u>First Amendment and Joinder, dated as of August 18, 2009, to the Shareholders Agreement, dated as of July 13, 2007, by and among Apollo Global Management, LLC, AP Professional Holdings, L.P., BRH Holdings, L.P., Black Family Partners, L.P., MJR Foundation LLC, Leon D. Black, Marc J. Rowan and Joshua J. Harris (incorporated by reference to Exhibit 10.27 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).</u>
10.25	<u>Joinder, dated as of May 5, 2016, to the Shareholders Agreement, dated as of July 13, 2007, as amended by the First Amendment and Joinder dated as of August 18, 2009, by and among Apollo Global Management, LLC, AP Professional Holdings, L.P., BRH Holdings, L.P., Black Family Partners, L.P., MJR Foundation LLC, MJH Partners, L.P., Leon D. Black, Marc J. Rowan and Joshua J. Harris, and, solely in connection with Article VII of the Agreement, APO Corp., APO Asset Co., LLC, APO (FC), LLC, Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings III, L.P., Apollo Principal Holdings IV, L.P., Apollo Principal Holdings V, L.P., Apollo Principal Holdings VI, L.P., Apollo Principal Holdings VII, L.P., Apollo Principal Holdings VIII, L.P., Apollo Principal Holdings IX, L.P. and Apollo Management Holdings, L.P. (incorporated by reference to Exhibit 10.24 to the Registrant's Form 10-Q for the period ended March 31, 2016 (File No. 001-35107)).</u>
10.26	<u>Joinder, dated as of May 3, 2017, to the Shareholders Agreement, dated as of July 13, 2007, as amended by the First Amendment and Joinder dated as of August 18, 2009, by and among Apollo Global Management, LLC, AP Professional Holdings, L.P., BRH Holdings, L.P., Black Family Partners, L.P., MJR Foundation LLC, MJH Partners, L.P., Leon D. Black, Marc J. Rowan and Joshua J. Harris, and, solely in connection with Article VII of the Agreement, APO Corp., APO Asset Co., LLC, APO (FC), LLC, Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings III, L.P., Apollo Principal Holdings IV, L.P., Apollo Principal Holdings V, L.P., Apollo Principal Holdings VI, L.P., Apollo Principal Holdings VII, L.P., Apollo Principal Holdings VIII, L.P., Apollo Principal Holdings IX, L.P. and Apollo Management Holdings, L.P. and as supplemented by the Joinder dated as of May 5, 2016, by and among Apollo Principal Holdings X, L.P., AMH Holdings (Cayman), L.P., Apollo Principal Holdings XI, LLC, APO (FC II), LLC and APO UK (FC), Limited (incorporated by reference to Exhibit 10.26 to the</u>

Registrant's Form 10-Q for the period ended March 31, 2017 (File No. 001-35107).

10.27 Form of Indemnification Agreement (incorporated by reference to Exhibit 10.28 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).

+10.28 Form of Restricted Share Unit Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (for Plan Grants) (incorporated by reference to Exhibit 10.31 to the Registrant's Registration Statement on Form S-1 (File No. 333-150141)).

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Exhibit Number	Exhibit Description
+10.29	<u>Form of Restricted Share Unit Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (for Bonus Grants) (incorporated by reference to Exhibit 10.32 to the Registrant’s Registration Statement on Form S-1 (File No. 333-150141)).</u>
+10.30	<u>Form of Restricted Share Unit Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (for new independent directors) (incorporated by reference to Exhibit 10.31 to the Registrant’s Form 10-Q for the period ended June 30, 2014 (File No. 001-35107)).</u>
+10.31	<u>Form of Restricted Share Unit Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (for continuing independent directors) (incorporated by reference to Exhibit 10.32 to the Registrant’s Form 10-Q for the period ended June 30, 2014 (File No. 001-35107)).</u>
+10.32	<u>Form of Restricted Share Award Grant Notice and Restricted Share Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (incorporated by reference to Exhibit 10.33 to the Registrant’s Form 10-Q for the period ended June 30, 2014 (File No. 001-35107)).</u>
+10.33	<u>Form of Share Award Grant Notice and Share Award Agreement under the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan (for Retired Partners) (incorporated by reference to Exhibit 10.34 to the Registrant’s Form 10-Q for the period ended June 30, 2014 (File No. 001-35107)).</u>
+10.34	<u>Apollo Management Companies AAA Unit Plan (incorporated by reference to Exhibit 10.34 to the Registrant’s Registration Statement on Form S-1 (File No. 333-150141)).</u>
+10.35	<u>Non-Qualified Share Option Agreement pursuant to the Apollo Global Management, LLC 2007 Omnibus Equity Incentive Plan with Marc Spilker dated December 2, 2010 (incorporated by reference to Exhibit 10.40 to the Registrant’s Registration Statement on Form S-1 (File No. 333-150141)).</u>
10.36	<u>Amended Form of Independent Director Engagement Letter (incorporated by reference to Exhibit 10.38 to the Registrant’s Form 10-Q for the period ended March 31, 2014 (File No. 001-35107)).</u>
*10.37	<u>Form of Amendment to Independent Director Engagement Letter.</u>
+10.38	<u>Employment Agreement with Martin Kelly, dated July 2, 2012 (incorporated by reference to Exhibit 10.42 to the Registrant’s Form 10-Q for the period ended June 30, 2012 (File No. 001-35107)).</u>
+10.39	<u>Employment Agreement with John Suydam, dated July 19, 2017 (incorporated by reference to Exhibit 10.38 to the Registrant’s Form 10-Q for the period ended September 30, 2017 (File No. 001-35107)).</u>
10.40	<u>Fourth Amended and Restated Exempted Limited Partnership Agreement of AMH Holdings (Cayman), L.P., dated March 19, 2018 (incorporated by reference to Exhibit 10.39 to the Registrant’s Form 10-Q for the period ended June 30, 2018 (File No. 001-35107)).</u>
+10.41	<u>Amended and Restated Limited Partnership Agreement of Apollo Advisors VI, L.P., dated as of April 14, 2005 and amended as of August 26, 2005 (incorporated by reference to Exhibit 10.41 to the Registrant’s Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).</u>

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Exhibit Number	Exhibit Description
+10.42	<u>Third Amended and Restated Limited Partnership Agreement of Apollo Advisors VII, L.P. dated as of July 1, 2008 and effective as of August 30, 2007 (incorporated by reference to Exhibit 10.42 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).</u>
+10.43	<u>Third Amended and Restated Limited Partnership Agreement of Apollo Credit Opportunity Advisors I, L.P., dated January 12, 2011 and made effective as of July 14, 2009 (incorporated by reference to Exhibit 10.43 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).</u>
+10.44	<u>Third Amended and Restated Limited Partnership Agreement of Apollo Credit Opportunity Advisors II, L.P., dated January 12, 2011 and made effective as of July 14, 2009 (incorporated by reference to Exhibit 10.44 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).</u>
+10.45	<u>Third Amended and Restated Limited Partnership Agreement of Apollo Credit Liquidity Advisors, L.P., dated January 12, 2011 and made effective as of July 14, 2009 (incorporated by reference to Exhibit 10.45 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).</u>
+10.46	<u>Second Amended and Restated Limited Partnership Agreement of Apollo Credit Liquidity CM Executive Carry, L.P., dated January 12, 2011 and made effective as of July 14, 2009 (incorporated by reference to Exhibit 10.46 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).</u>
+10.47	<u>Second Amended and Restated Limited Partnership Agreement Apollo Credit Opportunity CM Executive Carry I, L.P. dated January 12, 2011 and made effective as of July 14, 2009 (incorporated by reference to Exhibit 10.47 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).</u>
+10.48	<u>Second Amended and Restated Limited Partnership Agreement of Apollo Credit Opportunity CM Executive Carry II, L.P. dated January 12, 2011 and made effective as of July 14, 2009 (incorporated by reference to Exhibit 10.48 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).</u>
+10.49	<u>Second Amended and Restated Exempted Limited Partnership Agreement of AGM Incentive Pool, L.P., dated June 29, 2012 (incorporated by reference to Exhibit 10.49 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).</u>
10.50	<u>Credit Agreement, dated as of July 11, 2018, by and among Apollo Management Holdings, L.P., as the Revolving Facility Borrower, the guarantors party thereto from time to time, the lenders party thereto from time to time, the issuing banks party thereto from time to time and Citibank, N.A. as administrative agent (incorporated by reference to Exhibit 10.49 to the Registrant's Form 10-Q for the period ended June 30, 2018 (File No. 001-35107)).</u>
10.51	<u>Credit Agreement, dated as of December 18, 2013, by and among Apollo Management Holdings, L.P., as the Term Facility Borrower and a Revolving Facility Borrower, the other Revolving Facility Borrowers party thereto, the other guarantors party thereto from time to time, the lenders party thereto from time to time, the issuing banks party thereto from time to time and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.50 to the Registrant's Form 10-K for the period ended December 31, 2013 (File No. 001-35107)).</u>

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Exhibit Number	Exhibit Description
10.52	<u>Guarantor Joinder Agreement, dated as of January 30, 2015, by Apollo Principal Holdings X, L.P. to the Credit Agreement, dated as of December 18, 2013, by and among Apollo Management Holdings, L.P., as the Term Facility Borrower and a Revolving Facility Borrower, the other Revolving Facility Borrowers party thereto, the existing guarantors party thereto, the lenders party thereto from time to time, the issuing banks party thereto from time to time and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.49 to the Registrant's Form 10-Q for the period ended March 31, 2015 (File No. 001-35107)).</u>
10.53	<u>Guarantor Joinder Agreement, dated as of February 1, 2016, by Apollo Principal Holdings XI, LLC to the Credit Agreement, dated as of December 18, 2013, by and among Apollo Management Holdings, L.P., as the Term Facility Borrower and a Revolving Facility Borrower, the other Revolving Facility Borrowers party thereto, the existing guarantors party thereto, the lenders party thereto from time to time, the issuing banks party thereto from time to time and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.48 to the Registrant's Form 10-Q for the period ended March 31, 2016 (File No. 001-35107)).</u>
10.54	<u>Amendment No. 1, dated as of March 11, 2016, to the Credit Agreement, dated as of December 18, 2013, among Apollo Management Holdings, L.P., Apollo Management, L.P., Apollo Capital Management, L.P., Apollo International Management, L.P., AAA Holdings, L.P., Apollo Principal Holdings I, L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings III, L.P., Apollo Principal Holdings IV, L.P., Apollo Principal Holdings V, L.P., Apollo Principal Holdings VI, L.P., Apollo Principal Holdings VII, L.P., Apollo Principal Holdings VIII, L.P., Apollo Principal Holdings IX, L.P., Apollo Principal Holdings X, L.P., Apollo Principal Holdings XI, LLC, ST Holdings GP, LLC and ST Management Holdings, LLC, the guarantors party thereto, the lenders party thereto, the issuing banks party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed with the Securities and Exchange Commission on March 15, 2016 (File No. 001-35107)).</u>
10.55	<u>Guarantor Joinder Agreement, dated as of April 13, 2017, by Apollo Principal Holdings XII, L.P. to the Credit Agreement, dated as of December 18, 2013, as supplemented and as amended by Amendment No. 1 to the Credit Agreement dated as of March 11, 2016, among Apollo Management Holdings, L.P., as the Term Facility Borrower and a Revolving Facility Borrower, the other Revolving Facility Borrowers thereto, the existing guarantors party thereto, the lenders party thereto from time to time, the issuing banks party thereto from time to time, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.52 to the Registrant's Form 10-Q for the period ended March 31, 2017 (File No. 001-35107)).</u>
+10.56	<u>Form of Letter Agreement under the Amended and Restated Limited Partnership Agreement of Apollo Advisors VIII, L.P. effective as of January 1, 2014 (incorporated by reference to Exhibit 10.56 to the Registrant's Form 10-Q for the period ended June 30, 2014 (File No. 001-35107)).</u>
+10.57	<u>Form of Award Letter under the Amended and Restated Limited Partnership Agreement of Apollo Advisors VIII, L.P. effective as of January 1, 2014 (incorporated by reference to Exhibit 10.57 to the Registrant's Form 10-Q for the period ended June 30, 2014 (File No. 001-35107)).</u>
+10.58	<u>Amended and Restated Limited Partnership Agreement of Apollo EPF Advisors, L.P., dated as of February 3, 2011 (incorporated by reference to Exhibit 10.52 to the Registrant's Form 10-K for the period ended</u>

December 31, 2014 (File No. 001-35107)).

+10.59 First Amended and Restated Exempted Limited Partnership Agreement of Apollo EPF Advisors II, L.P. dated as of April 9, 2012 (incorporated by reference to Exhibit 10.53 to the Registrant's Form 10-K for the period ended December 31, 2014 (File No. 001-35107)).

+10.60 Amended and Restated Agreement of Exempted Limited Partnership of Apollo CIP Partner Pool, L.P., dated as of December 18, 2014 (incorporated by reference to Exhibit 10.54 to the Registrant's Form 10-K for the period ended December 31, 2014 (File No. 001-35107)).

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Exhibit Number	Exhibit Description
+10.61	<u>Form of Award Letter under the Amended and Restated Agreement of Exempted Limited Partnership Agreement of Apollo CIP Partner Pool, L.P. (incorporated by reference to Exhibit 10.55 to the Registrant's Form 10-K for the period ended December 31, 2014 (File No. 001-35107)).</u>
+10.62	<u>Second Amended and Restated Agreement of Limited Partnership of Apollo Credit Opportunity Advisors III (APO FC), L.P., dated as of December 18, 2014 (incorporated by reference to Exhibit 10.56 to the Registrant's Form 10-K for the period ended December 31, 2014 (File No. 001-35107)).</u>
+10.63	<u>Form of Award Letter under Second Amended and Restated Agreement of Limited Partnership of Apollo Credit Opportunity Advisors III (APO FC), L.P. (incorporated by reference to Exhibit 10.57 to the Registrant's Form 10-K for the period ended December 31, 2014 (File No. 001-35107)).</u>
+10.64	<u>Amended and Restated Agreement of Limited Partnership of Apollo Global Carry Pool Aggregator, L.P., dated May 4, 2017 and effective as of July 1, 2016 (incorporated by reference to Exhibit 10.61 to the Registrant's Form 10-Q for the period ended March 31, 2017 (File No. 001-35107)).</u>
+10.65	<u>Form of Award Agreement for Apollo Global Carry Pool Aggregator, L.P. (incorporated by reference to Exhibit 10.62 to the Registrant's Form 10-Q for the period ended March 31, 2017 (File No. 001-35107)).</u>
+10.66	<u>Form of Letter Agreement under the Amended and Restated Limited Partnership Agreement of Apollo ANRP Advisors II, L.P. dated March 2, 2017 and effective as of August 21, 2015 (incorporated by reference to Exhibit 10.63 to the Registrant's Form 10-Q for the period ended June 30, 2017 (File No. 001-35107)).</u>
+10.67	<u>Form of Award Letter under the Amended and Restated Limited Partnership Agreement of Apollo ANRP Advisors II, L.P. dated March 2, 2017 and effective as of August 21, 2015 (incorporated by reference to Exhibit 10.64 to the Registrant's Form 10-Q for the period ended June 30, 2017 (File No. 001-35107)).</u>
*+10.68	<u>Amended and Restated Agreement of Exempted Limited Partnership of Apollo Global Carry Pool Aggregator II, L.P., dated June 26, 2018.</u>
*+10.69	<u>Form of Award Agreement for Apollo Global Carry Pool Aggregator II, L.P.</u>
*+10.70	<u>Fourth Amended and Restated Exempted Limited Partnership Agreement of Apollo Advisors IX, L.P., dated August 8, 2018 and effective as of June 29, 2018.</u>
*+10.71	<u>Form of Award Letter for Apollo Advisors IX, L.P.</u>
*31.1	<u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).</u>
*31.2	<u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).</u>
*32.1	<u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</u>

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Exhibit Number	Exhibit Description
*32.2	<u>Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</u>
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Scheme Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
	* Filed herewith.
	+ Management contract or compensatory plan or arrangement.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Apollo Global Management, LLC
(Registrant)

Date: November 5, 2018 By: /s/ Martin Kelly
Name: Martin Kelly
Chief Financial Officer
Title: (principal financial officer and
authorized signatory)

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