Apollo Global Management LLC
Form 10-Q
August 06, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2018 OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO
Commission File Number: 001-35107

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

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨
Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company ¨
	Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

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

As of August 3, 2018 there were 201,570,641 Class A shares and 1 Class B share outstanding.

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Forward-Looking Statements

This quarterly report may contain forward-looking statements that are within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements include, but are not limited to, discussions related to Apollo's expectations regarding the performance of its business, liquidity and capital resources and the other non-historical statements in the discussion and analysis. These forward-looking statements are based on management's beliefs, as well as assumptions made by, and information currently available to, management. When used in this quarterly report, the words "believe," "anticipate," "estimate," "expect," "intend" and similar expressions are intended to identify forward-looki statements. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. These statements are subject to certain risks, uncertainties and assumptions, including risks relating to our dependence on certain key personnel, our ability to raise new credit, private equity, or real assets funds, market conditions generally, our ability to manage our growth, fund performance, changes in our regulatory environment and tax status, the variability of our revenues, net income and cash flow, our use of leverage to finance our businesses and investments by our funds and litigation risks, among others. We believe these factors include but are not limited to those described under the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K filed with the United States Securities and Exchange Commission (the "SEC") on February 12, 2018 (the "2017 Annual Report"); as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other filings. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Terms Used in This Report

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

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

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

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

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

(i) the fair value of the investments of the private equity funds, partnerships and accounts we manage or advise plus the capital that such funds, partnerships and accounts are entitled to call from investors pursuant to capital commitments;

(ii) the net asset value, or "NAV," of the credit funds, partnerships and accounts for which we provide investment management or advisory services, other than certain collateralized loan obligations ("CLOs") and collateralized debt obligations ("CDOs"), which have a fee-generating basis other than the mark-to-market value of the underlying assets, plus used or available leverage and/or capital commitments;

(iii) the gross asset value or net asset value of the real assets funds, partnerships and accounts we manage, and the structured portfolio company investments of the funds, partnerships and accounts we manage or advise, which includes the leverage used by such structured portfolio company investments;

(iv) the incremental value associated with the reinsurance investments of the portfolio company assets we manage or advise; and

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(v) the fair value of any other assets that we manage or advise for the funds, partnerships and accounts to which we provide investment management, advisory, or certain other investment-related services, plus unused credit facilities, including capital commitments to such funds, partnerships and accounts for investments that may require pre-qualification or other conditions before investment plus any other capital commitments to such funds, partnerships and accounts available for investment that are not otherwise included in the clauses above.

Our AUM measure includes Assets Under Management for which we charge either nominal or zero fees. Our AUM measure also includes assets for which we do not have investment discretion, including certain assets for which we earn only investment-related service fees, rather than management or advisory fees. Our definition of AUM is not based on any definition of Assets Under Management contained in our operating agreement or in any of our Apollo fund management agreements. We consider multiple factors for determining what should be included in our definition of AUM. Such factors include but are not limited to (1) our ability to influence the investment decisions for existing and available assets; (2) our ability to generate income from the underlying assets in our funds; and (3) the AUM measures that we use internally or believe are used by other investment managers. Given the differences in the investment strategies and structures among other alternative investment managers, our calculation of AUM may differ from the calculations employed by other investment managers and, as a result, this measure may not be directly comparable to similar measures presented by other investment managers. Our calculation also differs from the manner in which our affiliates registered with the SEC report "Regulatory Assets Under Management" on Form ADV and Form PF in various ways;

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

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

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

"Performance Fee-Eligible AUM" refers to the AUM that may eventually produce performance fees. All funds for which we are entitled to receive a performance fee allocation or incentive fee are included in Performance Fee-Eligible AUM, which consists of the following:

(i) "Performance Fee-Generating AUM", which refers to invested capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services, that is currently above its hurdle rate or preferred return, and profit of such funds, partnerships and accounts is being allocated to, or earned by, the general partner in accordance with the applicable limited partnership agreements or other governing agreements;
(ii) "AUM Not Currently Generating Performance Fees", which refers to invested capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services, that is currently below its hurdle rate or preferred return; and

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(iii) "Uninvested Performance Fee-Eligible AUM", which refers to capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services, that is available for investment or reinvestment subject to the provisions of applicable limited partnership agreements or other governing agreements, which capital is not currently part of the NAV or fair value of investments that may eventually produce performance fees allocable to, or earned by, the general partner.

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

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

"Advisory" refers to certain assets advised by Apollo Asset Management Europe PC LLP, a wholly-owned 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 June 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 June 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;

"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 June 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

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 JUNE 30, 2018 AND DECEMBER 31, 2017
(dollars in thousands, except share data)

	As of June 30, 2018	As of December 31, 2017
Assets:		
Cash and cash equivalents	$1,093,125	$751,273
Restricted cash	3,859	3,875
U.S. Treasury securities, at fair value	—	364,649
Investments (includes performance allocations of $1,401,205 and $1,828,930 as of June 30, 2018 and December 31, 2017, respectively)	3,230,588	3,559,834
Assets of consolidated variable interest entities:		
Cash and cash equivalents	58,983	92,912
Investments, at fair value	1,182,771	1,196,190
Other assets	57,246	39,484
Incentive fees receivable	17,496	43,176
Due from related parties	315,244	262,588
Deferred tax assets, net	364,061	337,638
Other assets	209,482	231,757
Goodwill	88,852	88,852
Intangible assets, net	17,306	18,842
Total Assets	$6,639,013	$6,991,070
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts payable and accrued expenses	$74,466	$68,873
Accrued compensation and benefits	110,311	62,474
Deferred revenue	109,182	128,146
Due to related parties	412,092	428,013
Profit sharing payable	659,907	752,276
Debt	1,357,640	1,362,402
Liabilities of consolidated variable interest entities:		
Debt, at fair value	880,215	1,002,063
Other liabilities	73,712	115,658
Other liabilities	139,511	173,369
Total Liabilities	3,817,036	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 June 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 June 30, 2018 and December 31, 2017, respectively	289,815	—
Class A shares, no par value, unlimited shares authorized, 201,585,096 and 195,267,669 shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	—	—
	—	—

Class B shares, no par value, unlimited shares authorized, 1 share issued and outstanding as of June 30, 2018 and December 31, 2017		
Additional paid in capital	1,429,307	1,579,797
Accumulated deficit	(430,335)	(379,460)
Accumulated other comprehensive loss	(3,130)	(1,809)
Total Apollo Global Management, LLC shareholders' equity	1,550,055	1,462,926
Non-Controlling Interests in consolidated entities	269,162	140,086
Non-Controlling Interests in Apollo Operating Group	1,002,760	1,294,784
Total Shareholders' Equity	2,821,977	2,897,796
Total Liabilities and Shareholders' Equity	$6,639,013	$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 SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(dollars in thousands, except share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues:				
Management fees	$341,626	$281,305	$628,352	$550,848
Advisory and transaction fees, net	15,440	23,629	28,991	38,696
Investment income:				
Performance allocations	129,085	120,393	4,920	472,986
Principal investment income	22,175	16,836	9,181	55,389
Total investment income	151,260	137,229	14,101	528,375
Incentive fees	14,990	7,545	18,775	13,893
Total Revenues	523,316	449,708	690,219	1,131,812
Expenses:				
Compensation and benefits:				
Salary, bonus and benefits	115,075	105,545	230,901	207,158
Equity-based compensation	37,784	22,740	73,309	45,847
Profit sharing expense	70,545	58,059	58,268	202,383
Total compensation and benefits	223,404	186,344	362,478	455,388
Interest expense	15,162	13,195	28,959	26,194
General, administrative and other	62,517	59,729	124,194	121,769
Placement fees	311	5,258	638	7,163
Total Expenses	301,394	264,526	516,269	610,514
Other Income (Loss):				
Net gains (losses) from investment activities	(67,505)	(513)	(134,638)	34,004
Net gains from investment activities of consolidated variable interest entities	9,213	6,132	15,745	10,240
Interest income	4,547	622	8,106	1,425
Other income (loss), net	(5,443)	742	(1,197)	19,389
Total Other Income (Loss)	(59,188)	6,983	(111,984)	65,058
Income before income tax provision	162,734	192,165	61,966	586,356
Income tax (provision) benefit	(18,924)	777	(27,504)	(38,384)
Net Income	143,810	192,942	34,462	547,972
Net income attributable to Non-Controlling Interests	(80,200)	(101,262)	(29,114)	(311,096)
Net Income Attributable to Apollo Global Management, LLC	63,610	91,680	5,348	236,876
Net income attributable to Series A Preferred Shareholders	(4,383)	(4,772)	(8,766)	(4,772)
Net income attributable to Series B Preferred Shareholders	(4,569)	—	(4,569)	—
Net Income (Loss) Attributable to Apollo Global Management, LLC Class A Shareholders	$54,658	$86,908	$(7,987)	$232,104
Distributions Declared per Class A Share	$0.38	$0.49	$1.04	$0.94
Net Income (Loss) Per Class A Share:				
Net Income (Loss) Available to Class A Share – Basic	$0.25	$0.44	$(0.09)	$1.19
Net Income (Loss) Available to Class A Share – Diluted	$0.25	$0.44	$(0.09)	$1.19
Weighted Average Number of Class A Shares Outstanding – Basic	200,711,475	190,591,756	199,578,334	188,564,562
Weighted Average Number of Class A Shares Outstanding – Diluted	200,711,475	190,591,756	199,578,334	188,564,562

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 SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(dollars in thousands, except share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Net Income	$143,810	$192,942	$34,462	$547,972
Other Comprehensive Income (Loss), net of tax:				
Currency translation adjustments, net of tax	(17,885)	11,219	(12,865)	8,940
Net gain from change in fair value of cash flow hedge instruments	25	25	52	51
Net loss on available-for-sale securities	(196)	(149)	(237)	(101)
Total Other Comprehensive Income (Loss), net of tax	(18,056)	11,095	(13,050)	8,890
Comprehensive Income	125,754	204,037	21,412	556,862
Comprehensive Income attributable to Non-Controlling Interests	(64,459)	(103,576)	(17,385)	(314,285)
Comprehensive Income Attributable to Apollo Global Management, LLC	$61,295	$100,461	$4,027	$242,577

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 SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(dollars in thousands, except share data)

	Apollo Global Management, LLC Shareholders									
	Class A Shares	Class B Shares	Series A Preferred Shares	Series B Preferred Shares	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Apollo Global Management, LLC Shareholders' Equity	Non-Controlling Interests in Consolidated Entities	Non-Contro Interes 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	—	—	—	—	(228)	—	—	(228)	—	—
Equity issued in connection with Preferred shares offering	—	—	264,398	—	—	—	—	264,398	—	—
Capital increase related to equity-based compensation	—	—	—	—	35,106	—	—	35,106	—	—
Capital contributions	—	—	—	—	—	—	—	—	34,115	—
Distributions	—	—	(4,772)	—	(184,820)	—	—	(189,592)	(2,710)	(220,3
Payments related to issuances of Class A shares for equity-based awards	1,863,332	—	—	—	—	(24,284)	—	(24,284)	—	—
Exchange of AOG Units for Class A shares	5,432,418	—	—	—	36,055	—	—	36,055	—	(26,59
Net income	—	—	4,772	—	—	232,104	—	236,876	7,919	303,17
Currency translation adjustments, net of tax	—	—	—	—	—	—	5,778	5,778	7,893	(4,731
Net gain from change in fair value of cash flow hedge	—	—	—	—	—	—	24	24	—	27

instruments										
Net income on available-for-sale securities	—	—	—	—	—	—	(101)	(101)	—	—
Balance at June 30, 2017	192,756,044	1	$264,398	$—	$1,716,138	$(755,465)	$(3,022)	$1,222,049	$137,280	$993,8
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	—	—	—	—	—	(8,149)	—	(8,149)	—	(11,21
Dilution impact of issuance of Class A shares	—	—	—	—	104	—	—	104	—	—
Equity issued in connection with Preferred shares offering	—	—	—	289,815	—	—	—	289,815	—	—
Capital increase related to equity-based compensation	—	—	—	—	57,065	—	—	57,065	—	—
Capital contributions	—	—	—	—	—	—	—	—	146,518	—
Distributions	—	—	(8,766)	(4,569)	(219,162)	—	—	(232,497)	(21,634)	(261,1
Payments related to issuances of Class A shares for equity-based awards	1,986,612	—	—	—	—	(34,739)	—	(34,739)	—	—
Repurchase of Class A shares	(849,785)	—	—	—	(28,728)	—	—	(28,728)	—	—
Exchange of AOG Units for Class A shares	5,180,600	—	—	—	40,231	—	—	40,231	—	(32,82
Net income (loss)	—	—	8,766	4,569	—	(7,987)	—	5,348	14,695	14,419
Currency translation adjustments, net of tax	—	—	—	—	—	—	(1,229)	(1,229)	(10,503)	(1,133
Net gain from change in fair value of cash flow hedge instruments	—	—	—	—	—	—	26	26	—	26
Net loss on available-for-sale securities	—	—	—	—	—	—	(118)	(118)	—	(119
Balance at June 30, 2018	201,585,096	1	$264,398	$289,815	$1,429,307	$(430,335)	$(3,130)	$1,550,055	$269,162	$1,002

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 SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(dollars in thousands, except share data)

	For the Six Months Ended June 30,	
	2018	2017
Cash Flows from Operating Activities:		
Net income	$34,462	$547,972
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity-based compensation	73,309	45,847
Depreciation and amortization	7,574	8,445
Unrealized (gains) losses from investment activities	140,517	(37,721)
Principal investment income	(9,181)	(55,389)
Performance allocations	(4,920)	(472,986)
Change in fair value of contingent obligations	(8,034)	(2,561)
Deferred taxes, net	23,546	35,835
Other non-cash amounts included in net income (loss), net	(12,304)	4,538
Cash flows due to changes in operating assets and liabilities:		
Incentive fees receivable	(9,029)	(5,215)
Due from related parties	(48,586)	(41,600)
Accounts payable and accrued expenses	5,593	2,629
Accrued compensation and benefits	47,837	44,761
Deferred revenue	(17,279)	(57,113)
Due to related parties	375	(3,844)
Profit sharing payable	(24,544)	51,088
Other assets and other liabilities, net	(9,134)	(19,543)
Cash distributions of earnings from principal investments	39,656	30,197
Cash distributions of earnings from performance allocations	257,128	426,634
Satisfaction of contingent obligations	(2,564)	(16,821)
Apollo Fund and VIE related:		
Net realized and unrealized gains from investing activities and debt	(20,714)	(10,590)
Purchases of investments	(288,914)	(324,169)
Proceeds from sale of investments	279,606	280,657
Changes in other assets and other liabilities, net	(59,325)	(11,082)
Net Cash Provided by Operating Activities	$395,075	$419,969
Cash Flows from Investing Activities:		
Purchases of fixed assets	$(5,108)	$(3,616)
Proceeds from sale of investments	28,316	—
Purchase of investments	(57,903)	(4,699)
Purchase of U.S. Treasury securities	(59,529)	—
Proceeds from maturities of U.S. Treasury securities	425,830	—
Cash contributions to equity method investments	(160,346)	(72,674)
Cash distributions from equity method investments	53,770	51,513
Issuance of related party loans	(1,650)	(5,834)
Repayment of related party loans	—	17,700
Other investing activities	171	(790)
Net Cash Provided by (Used in) Investing Activities	$223,551	$(18,400)
Cash Flows from Financing Activities:		

Principal repayments of debt	$(300,000)	$—
Issuance of Preferred shares, net of issuance costs	289,815	264,398
Distributions to Preferred Shareholders	(13,335)	(4,772)
Satisfaction of tax receivable agreement	(50,267)	(17,895)
Issuance of debt	299,676	—
Purchase of Class A shares	(52,482)	(7,268)
Payments related to deliveries of Class A shares for RSUs	(34,739)	(24,284)
Distributions paid	(219,162)	(184,820)
Distributions paid to Non-Controlling Interests in Apollo Operating Group	(261,180)	(220,367)
Other financing activities	(5,142)	(1,855)
Apollo Fund and VIE related:		
Issuance of debt	—	474,234
Principal repayment of debt	(92,153)	(441,636)
Distributions paid to Non-Controlling Interests in consolidated entities	(18,939)	(84)
Contributions from Non-Controlling Interests in consolidated entities	147,189	33,344
Net Cash Used in Financing Activities	$(310,719)	$(131,005)
Net Increase in Cash and Cash Equivalents, Restricted Cash and Cash Held at Consolidated Variable Interest Entities	307,907	270,564
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	$1,155,967	$1,130,226
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$25,706	$28,316
Interest paid by consolidated variable interest entities	9,341	5,581
Income taxes paid	5,494	5,616
Supplemental Disclosure of Non-Cash Investing Activities:		
Non-cash distributions from equity method investments	$(24,902)	$(25,808)
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	$57,065	$35,106
Other non-cash financing activities	105	(247)
Adjustments related to exchange of Apollo Operating Group units:		
Deferred tax assets	$47,009	$39,298
Due to related parties	(39,605)	(29,839)
Additional paid in capital	(7,404)	(9,459)
Non-Controlling Interest in Apollo Operating Group	32,827	26,596

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	$1,093,125	$1,080,477
Restricted cash	3,859	5,023
Cash held at consolidated variable interest entities	58,983	44,726
Total Cash and Cash Equivalents, Restricted Cash and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities	$1,155,967	$1,130,226

See accompanying notes to condensed consolidated financial statements.

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 June 30, 2018, the Company owned, through six intermediate holding companies, 49.9% 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 June 30, 2018, Holdings owned the remaining 50.1% of the economic interests in the Apollo Operating Group. The Company consolidates the financial results of the Apollo Operating Group and its consolidated subsidiaries. Holdings' ownership interest in the Apollo Operating Group is reflected as a Non-Controlling Interest in 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.

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) loss 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 $743.3 million and $404.7 million as of June 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 (losses) 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.

These

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

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, 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.

Transfers between levels of the fair value hierarchy are recognized as of the end of the reporting period.

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) loss 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 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 $119.7 million of revenue recognized during the six months ended June 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 include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved. 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 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.

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 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.

As it relates to AINV, incentive fees include a quarterly fee on the pre-incentive fee net investment income ("AINV Part I Fees") of AINV. For purposes of the AINV Part I Fees, the net investment income of AINV includes interest income, dividend income and certain other income but excludes any realized and unrealized capital gains or losses. Such AINV Part I Fees are paid quarterly and are not subject to repayment. Therefore, the recognition of these fees are not impacted by the adoption of the new revenue guidance.

Compensation and Benefits

Equity-Based Compensation

Equity-based awards granted to employees as compensation are measured based on the grant date fair value of the award. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately. Equity-based employee awards that require future service are expensed over the relevant service period. In addition, the Company provides for the vesting of certain restricted stock 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. Equity-based awards granted to non-employees for services provided to related parties are remeasured to fair value at the end of each reporting period and expensed over the relevant service period. 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.

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

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 application 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 our operating leases. The Company is continuing to evaluate the impact that this guidance will have on its condensed consolidated financial statements. The Company expects to adopt the new leasing guidance on January 1, 2019.

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 guidance is effective for interim and annual periods beginning after December 15, 2017. The adoption of this standard did not have an impact on the condensed consolidated financial statements of the Company.
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 June 30, 2018	As of December 31, 2017
Investments, at fair value	$917,441	$866,998
Equity method investments	911,942	863,906
Performance allocations	1,401,205	1,828,930
Total Investments	$3,230,588	$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.
The Company's investment in Athene Holding, for which the fair value option was elected, and its equity method investment in Fund VIII met the significance criteria as defined by the SEC for the period ended June 30, 2018. As such, the following table presents summarized financial information of Athene Holding and Fund VIII:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018[(1)]	2017	2018[(1)]	2017
	in millions			
Statements of Operations				
Revenues	$1,377	$2,329	$4,401	$4,855
Expenses	712	1,471	4,150	2,741
Income before income tax provision	665	858	251	2,114
Income tax provision	60	11	95	34
Net income	$605	$847	$156	$2,080

(1) Certain financial information for the three and six months ended June 30, 2018 is presented a quarter in arrears and reflects the financial information for the three and six months ended March 31, 2018, which represents the latest available financial information as of the date of this report.

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Net Gains (Losses) from Investment Activities
The following table presents the realized and net change in unrealized gains (losses) reported in net gains (losses) from investment activities:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Realized gains (losses) on sales of investments, net	$—	$(148)	$66	$(148)
Net change in unrealized gains (losses) due to changes in fair value	(67,505)	(365)	(134,704)	34,152
Net gains (losses) from investment activities	$(67,505)	$(513)	$(134,638)	$34,004

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	
	June 30, 2018 [(4)]	December 31, 2017 [(4)]
Credit[(2)]	$403,336	$325,267
Private Equity[(1)]	480,699	509,707
Real Assets	27,907	28,932
Total equity method investments[(3)]	$911,942	$863,906

(1) The equity method investment in Fund VIII was $385.0 million and $385.7 million as of June 30, 2018 and December 31, 2017, respectively, representing an ownership percentage of 2.2% and 2.2% as of June 30, 2018 and December 31, 2017, respectively.
(2) The equity method investment in AINV was $54.9 million and $56.5 million as of June 30, 2018 and December 31, 2017, respectively. The value of the Company's investment in AINV was $49.4 million and $50.2 million based on the quoted market price as of June 30, 2018 and December 31, 2017, respectively.
(3) 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.

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

	As of June 30, 2018	As of December 31, 2017
Private Equity	$981,558	$1,404,777
Credit	394,850	395,340
Real Assets	24,797	28,813
Total performance allocations	$1,401,205	$1,828,930

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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	(87,702)	84,713	2,272	(717)
Fund distributions to the Company	(335,517) [(1)]	(85,203)	(6,288)	(427,008)
Performance allocations, June 30, 2018	$ 981,558	$ 394,850	$ 24,797	$ 1,401,205

(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 June 30, 2018	As of December 31, 2017
Credit	$ 270,785	$ 265,791
Private Equity	377,691	475,556
Real Assets	11,431	10,929
Total profit sharing payable	$ 659,907	$ 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	4,490	51,207	1,247	56,944
Payments/other[(1)]	(102,355) [(2)]	(46,213)	(745)	(149,313)
Profit sharing payable, June 30, 2018	$ 377,691	$ 270,785	$ 11,431	$ 659,907

(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.

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 our 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.

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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 June 30,		For the Six Months Ended June 30,	
	2018 [1]	2017 [1]	2018 [1]	2017 [1]
Net gains (losses) from investment activities	$(9)	$7,526	$5,313	$9,516
Net gains from debt	6,824	3,567	8,174	2,684
Interest and other income	9,148	8,621	18,727	16,443
Interest and other expenses	(6,750)	(13,582)	(16,469)	(18,403)
Net gains from investment activities of consolidated variable interest entities	$9,213	$6,132	$15,745	$10,240

(1) Amounts reflect consolidation eliminations.

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 June 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]	$783,596	1.66 %	11.7	$806,603	1.68 %	12.2
Subordinated Notes[2]	97,520	N/A [1]	21.9	100,188	N/A [1]	22.4
Secured Borrowings[2][3]	18,976	3.20 %	9.3	109,438	2.70 %	9.3
Total	$900,092			$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.

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

	As of June 30, 2018	As of December 31, 2017
Debt at fair value	$880,215	$1,002,063
Collateralized assets	$1,299,000	$1,328,586

(3) Secured borrowings consist of a consolidated VIE's obligation through a repurchase agreement redeemable at maturity with a third party lender. The fair value of the secured borrowings as of June 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 June 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 June 30, 2018	As of December 31, 2017
Assets:		
Cash	$188,818	$254,791
Investments	4,477,129	6,230,397
Receivables	62,831	36,601
Total Assets	$4,728,778	$6,521,789
Liabilities:		
Debt and other payables	$3,282,527	$3,285,263
Total Liabilities	$3,282,527	$3,285,263
Apollo Exposure[1]	$221,346	$252,605

(1) Represents Apollo's direct investment in those entities in which Apollo holds a significant variable interest and 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 June 30, 2018					
	Level I	Level II	Level III		Total	Cost
Assets						
Investments, at fair value:						
Investment in Athene Holding	$178,042	$637,239	$—		$815,281	$510,784
Investment in Athora Holding	—	—	25,216		25,216	26,534
Other investments	—	41,289	35,655	(1)	76,944	71,737
Total investments, at fair value	178,042	678,528	60,871		917,441	609,055
Investments of VIEs, at fair value	—	910,276	268,623		1,178,899	
Investments of VIEs, valued using NAV	—	—	—		3,872	
Total investments of VIEs, at fair value	—	910,276	268,623		1,182,771	
Derivative assets[2]	—	293	—		293	
Total Assets	$178,042	$1,589,097	$329,494		$2,100,505	
Liabilities						
Liabilities of VIEs, at fair value	$—	$880,215	$—		$880,215	
Contingent consideration obligations[3]	—	—	82,000		82,000	
Derivative liabilities[2]	—	1,073	—		1,073	
Total Liabilities	$—	$881,288	$82,000		$963,288	

	As of December 31, 2017				
	Level I	Level II	Level III	Total	Cost
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	

(1) Other investments excludes $5.0 million of performance allocations classified as Level III related to certain investments for which the Company has elected the fair value option. The Company's policy is to account for performance allocations as an investment.

(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.

There were no transfers of financial assets or liabilities between Level I and Level II for the three and six months ended June 30, 2018 and 2017.

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 June 30, 2018			
	Investment in Athora Holding	Other Investments	Investments of Consolidated VIEs	Total
Balance, Beginning of Period	$26,534	$ 30,758	$ 293,260	$350,552
Purchases	—	—	(4,665)	(4,665)
Sales of investments/distributions	—	(1)	(2,544)	(2,545)
Net realized gains	—	2	48	50
Changes in net unrealized gains (losses)	(1,318)	2,953	8,210	9,845
Cumulative translation adjustment	—	(2,615)	(8,030)	(10,645)
Transfer into Level III[(1)]	—	4,558	—	4,558
Transfer out of Level III[(1)]	—	—	(17,656)	(17,656)
Balance, End of Period	$25,216	$ 35,655	$ 268,623	$329,494
	$(1,318)	$ 2,955	$ —	$1,637

Change in net unrealized gains (losses) included in net gains from investment activities related to investments still held at reporting date				
Change in net unrealized gains included in net gains from investment activities of consolidated VIEs related to investments still held at reporting date	—	—	9,951	9,951

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

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	For the Three Months Ended June 30, 2017		
	Other Investments	Investments of Consolidated VIEs	Total
Balance, Beginning of Period	$46,242	$ 137,344	$183,586
Purchases	4,699	42,791	47,490
Sale of investments/distributions	(8)	(20,713)	(20,721)
Net realized gains	—	138	138
Changes in net unrealized gains (losses)	(324)	4,807	4,483
Cumulative translation adjustment	3,113	6,299	9,412
Balance, End of Period	$53,722	$ 170,666	$224,388
Change in net unrealized losses included in net gains from investment activities related to investments still held at reporting date	$(325)	$ —	$(325)
Change in net unrealized gains included in net gains from investment activities of consolidated VIEs related to investments still held at reporting date	—	5,013	5,013

	For the Six Months Ended June 30, 2018			
	Investment in Athora Holding	Other Investments	Investments of Consolidated VIEs	Total
Balance, Beginning of Period	$—	$ 35,701	$ 132,348	$168,049
Purchases	26,534	39,228	137,822	203,584
Sale of investments/distributions	—	(28,316)	(14,205)	(42,521)
Net realized gains (losses)	—	415	(1,112)	(697)
Changes in net unrealized gains (losses)	(1,318)	2,738	17,119	18,539
Cumulative translation adjustment	—	(929)	(4,476)	(5,405)
Transfer into Level III[1]	—	4,558	18,783	23,341
Transfer out of Level III[1]	—	(17,740)	(17,656)	(35,396)
Balance, End of Period	$25,216	$ 35,655	$ 268,623	$329,494
Change in net unrealized gains (losses) included in net gains (losses) from investment activities related to investments still held at reporting date	$(1,318)	$ 2,738	$ —	$1,420
Change in net unrealized gains included in net gains from investment activities of consolidated VIEs related to investments still held at reporting date	—	—	15,963	15,963

	For the Six Months Ended June 30, 2017		
	Other Investments	Investments of Consolidated VIEs	Total
Balance, Beginning of Period	$45,721	$ 92,474	$138,195
Purchases	4,699	86,240	90,939

Sale of investments/distributions	(8)	(32,801)	(32,809)
Net realized gains (losses)	(14)	186	172
Changes in net unrealized gains (losses)	(385)	7,809	7,424
Cumulative translation adjustment	3,649	7,189	10,838
Transfer into Level III[1]	60	9,569	9,629
Balance, End of Period	$53,722	$ 170,666	$224,388
Change in net unrealized losses included in net gains (losses) from investment activities related to investments still held at reporting date	$(399)	$ —	$(399)
Change in net unrealized gains included in net gains from investment activities of consolidated VIEs related to investments still held at reporting date	—	7,914	7,914

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

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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 June 30,			
	2018	2017		
	Contingent Consideration Obligations	Liabilities of Consolidated VIEs & Apollo Funds	Contingent Consideration Obligations	Total
Balance, Beginning of Period	$90,500	$11,227	$ 87,663	$98,890
Payments	—	(35)	(1,865)	(1,900)
Net realized gains	—	(1)	—	(1)
Changes in net unrealized (gains) losses[(1)]	(8,500)	816	1,102	1,918
Balance, End of Period	$82,000	$12,007	$ 86,900	$98,907
Change in net unrealized gains included in net gains from investment activities of consolidated VIEs related to liabilities still held at reporting date	$—	$815	$ —	$815

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

	For the Six Months Ended June 30,					
	2018			2017		
	Liabilities of Consolidated VIEs & Apollo Funds	Contingent Consideration Obligations	Total	Liabilities of 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)	(2,564)	(15,184)	(94)	(16,821)	(16,915)
Net realized gains	—	—	—	(10)	—	(10)
Changes in net unrealized gains (losses)[(1)]	—	(8,036)	(8,036)	959	(2,561)	(1,602)
Balance, End of Period	$—	$ 82,000	$82,000	$12,007	$ 86,900	$98,907
Change in net unrealized gains (losses) included in net gains from investment activities of consolidated VIEs related to liabilities still held at reporting date	$—	$ —	$—	$952	$ —	$952

(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 June 30, 2018				
Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted Average

Financial Assets					
Investment in Athora Holding	$25,216	Cost[1]	N/A	N/A	N/A
Other investments	6,938	Third Party Pricing	N/A	N/A	N/A
	28,717	Discounted cash flow	Discount rate	16.0%	16.0%
Investments of consolidated VIEs:					
Equity securities	268,623	Book value multiple	Book value multiple	0.59x	0.59x
		Discounted cash flow	Discount rate	13.4%	13.4%
Total Financial Assets	$329,494				
Financial Liabilities					
Contingent consideration obligation	$82,000	Discounted cash flow	Discount rate	16.8%	16.8%
Total Financial Liabilities	$82,000				

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	As of December 31, 2017				
	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted Average
Financial Assets					
Other investments	$20,641	Third party pricing	N/A	N/A	N/A
	15,060	Cost[(1)]	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	Book value multiple	0.71x	0.71x
		Discounted cash flow	Discount rate	13.4%	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 June 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 $43.84. As of June 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 $43.84 and $51.71, respectively, less a discount due to a lack of marketability (“DLOM”) of 3.8% 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 (5.3 months and 11.3 months as of June 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 June 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 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.

Liabilities

As of June 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

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 June 30, 2018	As of December 31, 2017
Fixed assets	$103,191	$102,694
Less: Accumulated depreciation and amortization	(84,938)	(83,510)
Fixed assets, net	18,253	19,184
Prepaid expenses	173,742	189,542
Tax receivables	10,474	9,236
Other	7,013	13,795
Total Other Assets	$209,482	$231,757

Prepaid expenses includes $116.5 million and $135.0 million as of June 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 $93.3 million and $124.3 million, as of June 30, 2018 and December 31, 2017, respectively, is included in other liabilities on the condensed consolidated statements of financial condition. Depreciation expense was $2.1 million and $2.2 million for the three months ended June 30, 2018 and 2017, respectively, and $4.2 million and $4.4 million for the six months ended June 30, 2018 and 2017, respectively, and is presented as a component of general, administrative and other expense in the condensed consolidated statements of operations.

8. INCOME TAXES
The Company's income tax (provision) benefit totaled $(18.9) million and $0.8 million for the three months ended June 30, 2018 and 2017, respectively, and $(27.5) million and $(38.4) million for the six months ended June 30, 2018 and 2017, respectively. The Company's effective tax rate was approximately 11.6% and (0.4)% for the three months ended June 30, 2018 and 2017, respectively, and 44.4% and 6.5% for the six months ended June 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 TJCA 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 June 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 2016.
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

	Tax Asset	Agreement Liability	Capital
For the Six Months Ended June 30, 2018	$ 47,009	$ 39,605	$ 7,404
For the Six Months Ended June 30, 2017	$ 39,298	$ 29,839	$ 9,459

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9. DEBT
Debt consisted of the following:

	As of June 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]	496,185	496,700	(4)	4.00 %	495,860	511,096	(4)	4.00
2026 Senior Notes[1]	495,935	499,249	(4)	4.40	495,678	525,273	(4)	4.40
2048 Senior Notes[1]	296,324	298,143	(4)	5.00	—	—		—
2014 AMI Term Facility I[2]	15,933	16,011	(3)	2.00	16,399	16,482	(3)	2.00
2014 AMI Term Facility II[2]	17,996	18,092	(3)	1.75	18,548	18,605	(3)	1.75
2016 AMI Term Facility I[2]	19,800	19,800	(3)	1.35	20,372	20,372	(3)	1.75
2016 AMI Term Facility II[2]	15,467	15,469	(3)	2.00	15,890	15,931	(3)	2.00
Total Debt	$1,357,640	$1,363,464			$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 June 30, 2018	As of December 31, 2017
2013 AMH Credit Facilities - Term Facility	$ —	$ 345
2024 Senior Notes	3,222	3,498
2026 Senior Notes	3,717	3,951
2048 Senior Notes	3,354	—

(2) Apollo Management International LLP ("AMI"), a subsidiary of the Company, entered into five year credit agreements to fund the Company's investment in certain European CLOs it manages.

Facility	Date	Loan Amount
2014 AMI Term Facility I	July 3, 2014	€13,636
2014 AMI Term Facility II	December 9, 2014	€15,400
2016 AMI Term Facility I	January 18, 2016	€16,945
2016 AMI Term Facility II	June 22, 2016	€13,236

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

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

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

JPMorgan Chase Bank, N.A. The 2013 AMH Credit Facilities provide for (i) a term loan facility to AMH (the "Term Facility") that includes $750 million of the term loan from third-party lenders and $271.7 million of the term loan held by a subsidiary of the Company and (ii) a $500 million revolving credit facility (the "Revolver Facility"), in each case, with 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 defined below), $250 million, $200 million and $300 million of the proceeds, respectively, were used to repay the entire remaining amount

of the Term Facility as of June 30, 2018. The Revolver Facility is to remain available until its maturity, and any undrawn revolving commitments bear a commitment fee. The commitment fee on the $500 million undrawn Revolver Facility as of June 30, 2018 was 0.125%.

Borrowings under the Revolver Facility may be used for working capital and general corporate purposes, including, without limitation, permitted acquisitions. In addition, the Borrowers may incur incremental facilities in respect of the Revolver Facility and the Term Facility in an aggregate amount not to exceed $500 million plus additional amounts so long as the Borrowers are in compliance with a net leverage ratio not to exceed 3.75 to 1.00. As of June 30, 2018 and December 31, 2017, the Revolver Facility was undrawn.

2024 Senior Notes—On May 30, 2014, AMH issued $500 million in aggregate principal amount of its 4.000% Senior Notes due 2024 (the "2024 Senior Notes"), at an issue price of 99.722% of par. Interest on the 2024 Senior Notes is payable semi-annually in arrears on May 30 and November 30 of each year. The 2024 Senior Notes will mature on May 30, 2024. The discount 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 June 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.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Interest Expense:[1]				
2013 AMH Term Facility	$280	$2,047	$2,244	$3,959
2024 Senior Notes	5,163	5,163	10,326	10,326
2026 Senior Notes	5,628	5,628	11,256	11,256
2048 Senior Notes	3,778	—	4,445	—
AMI Term Facilities	313	357	688	653
Total Interest Expense	$15,162	$13,195	$28,959	$26,194

(1) Debt issuance costs incurred in connection with the Term Facility, 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.

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10. NET INCOME (LOSS) PER CLASS A SHARE
The table below presents basic and diluted net income (loss) per Class A share using the two-class method:

	Basic and Diluted			
	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Numerator:				
Net income attributable to Apollo Global Management, LLC Class A Shareholders	$54,658	$ 86,908	$(7,987)	$ 232,104
Distributions declared on Class A shares[1]	(76,602)	(94,451)	(209,625)	(178,666)
Distributions on participating securities[2]	(4,153)	(3,295)	(9,537)	(6,154)
Earnings allocable to participating securities	— [3]	— [3]	— [3]	(1,760)
Undistributed income (loss) attributable to Class A shareholders: Basic and Diluted	$(26,097)	$ (10,838)	$(227,149)	$ 45,524
Denominator:				
Weighted average number of Class A shares outstanding: Basic and Diluted	200,711,475	190,591,756	199,578,334	188,564,562
Net Income (Loss) per Class A Share: Basic and Diluted[4]				
Distributed Income	$0.38	$ 0.49	$1.04	$ 0.94
Undistributed Income (Loss)	(0.13)	(0.05)	(1.13)	0.25
Net Income (Loss) per Class A Share: Basic and Diluted	$0.25	$ 0.44	$(0.09)	$ 1.19

(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 six months ended June 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 (generally five years), subject to the 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.

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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 52.4% and 54.5% of the total voting power of the Company's shares entitled to vote as of June 30, 2018 and 2017, respectively.

The following table summarizes the anti-dilutive securities.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Weighted average vested RSUs	111,995	224,100	641,282	728,892
Weighted average unvested RSUs	8,350,200	6,555,432	8,085,325	6,403,785
Weighted average unexercised options	204,167	210,420	204,167	216,670
Weighted average AOG Units outstanding	202,559,221	211,895,190	203,562,398	213,591,049
Weighted average unvested restricted shares	871,010	244,503	770,400	159,432

11. EQUITY-BASED COMPENSATION

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

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.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Plan Grants:				
Discount for the lack of distributions until vested[1]	14.2%	13.5%	13.1%	11.2%
Marketability discount for transfer restrictions[2]	4.0 %	4.7 %	3.9 %	3.3 %
Bonus Grants:				
Marketability discount for transfer restrictions[2]	N/A	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 six months ended June 30, 2018, the Company granted 4.3 million RSUs to certain executives with a grant date fair value of $140.6 million, which vest over time (generally 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 awards 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 six months ended June 30, 2018, equity-based compensation expense of $14.5 million and $26.9 million, respectively, was recognized relating to these RSUs.

The fair value of all RSU grants made during the six months ended June 30, 2018 and 2017 was $198.6 million and $22.2 million, respectively.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Actual forfeiture rate	3.7 %	4.0 %	7.8 %	7.6 %
Equity-based compensation	$31,630	$16,670	$62,377	$33,701

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	6,107,842	32.51	—	6,107,842
Forfeited	(965,216)	17.21	—	(965,216)
Vested	(752,204)	19.84	752,204	—
Issued	—	18.39	(3,186,284)	(3,186,284)
Balance at June 30, 2018	10,652,710 (2)	$ 24.84	368,197	11,020,907 (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 3.0 years.

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 six months ended June 30, 2018 and 2017 was $19.0 million and $7.2 million, respectively.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Equity-based compensation	$3,342	$1,279	$5,538	$2,336

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 June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Management fees	$(1,009)	$74	$(1,887)	$2,138
Equity-based compensation	(1,353)	551	(2,273)	3,455
Actual forfeiture rate	3.6%	—%	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.

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

	For the Six Months Ended June 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	$67,581	—%	$ —	$ 67,581
AHL Awards	(2,273)	50.1	(1,139)	(1,134)
Other equity-based compensation awards	8,001	50.1	4,010	3,991
Total equity-based compensation	$73,309		2,871	70,438
Less other equity-based compensation awards[2]			(2,871)	(13,373)
Capital increase related to equity-based compensation			$ —	$ 57,065

	For the Six Months Ended June 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	$36,709	—%	$ —	$ 36,709

AHL Awards	3,455	52.1	1,800	1,655
Other equity-based compensation awards	5,683	52.1	2,961	2,722
Total equity-based compensation	$45,847		4,761	41,086
Less other equity-based compensation awards[2]			(4,761)	(5,980)
Capital increase related to equity-based compensation			$ —	$ 35,106

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

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

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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 six months ended June 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.
The table below summarizes the issuance of Class A shares for equity-based awards:

	For the Six Months Ended June 30,	
	2018	2017
Class A shares issued in settlement of vested RSUs and share options exercised[1]	3,192,534	2,931,649
Reduction of Class A shares issued[2]	(1,042,757)	(1,067,648)
Class A shares purchased related to share issuances and forfeitures[3]	(163,165)	(669)
Issuance of Class A shares for equity-based awards	1,986,612	1,863,332

(1) The gross value of shares issued was $106.6 million and $66.4 million for the six months ended June 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 $34.7 million and $24.3 million for the six months ended June 30, 2018 and 2017, respectively.
(3) 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 six months ended June 30, 2018 and 2017, we issued 569,452 and 265,383 of such restricted shares and 69,287 and zero of such RSUs under the 2007 Equity Plan, respectively, and repurchased 720,215 and 265,383 Class A shares in open-market transactions not pursuant to a publicly-announced repurchase plan or program, respectively. In addition, there were 12,402 and 669 restricted shares forfeited during the six months ended June 30, 2018 and 2017, respectively.

Additionally, during the six months ended June 30, 2018, 849,785 Class A shares were repurchased as part of the publicly announced share repurchase program adopted in February 2016. Cash paid for open market share repurchases and cancellations was $28.7 million for the six months ended June 30, 2018. During the six months ended June 30, 2017, there were no open market share repurchases as part of the publicly announced share repurchase program.
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 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 June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Series A Preferred Shares total distribution	$4,383	$4,772	$8,766	$4,772
Series B Preferred Shares total distribution	4,569	—	4,569	—

Distributions

The table below presents information regarding the quarterly distributions 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.

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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
For the six months ended June 30, 2018	$ 1.04		$ 209.6	$ 261.2		$ 470.8	$ 9.5

(1) 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.

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 June 30,		For the Six Months Ended June 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]	$1,714	$760	$3,109	$1,627
Other consolidated entities	7,002	3,775	11,586	6,292
Net income attributable to Non-Controlling Interests in consolidated entities	$8,716	$4,535	$14,695	$7,919
Net income attributable to Non-Controlling Interests in the Apollo Operating Group:				
Net income	$143,810	$192,942	$34,462	$547,972
Net income attributable to Non-Controlling Interests in consolidated entities	(8,716)	(4,535)	(14,695)	(7,919)
Net income after Non-Controlling Interests in consolidated entities	135,094	188,407	19,767	540,053
Adjustments:				
Income tax provision (benefit)[2]	18,924	(777)	27,504	38,384
NYC UBT and foreign tax benefit[3]	(2,631)	976	(4,187)	(4,419)
Net loss in non-Apollo Operating Group entities	189	—	275	2
Net income attributable to Series A Preferred Shareholders	(4,383)	(4,772)	(8,766)	(4,772)
Net income attributable to Series B Preferred Shareholders	(4,569)	—	(4,569)	—
Total adjustments	7,530	(4,573)	10,257	29,195
Net income after adjustments	142,624	183,834	30,024	569,248
Weighted average ownership percentage of Apollo Operating Group	50.1%	52.6%	50.4%	53.1%
Net income attributable to Non-Controlling Interests in Apollo Operating Group	$71,484	$96,727	$14,419	$303,177
Net Income attributable to Non-Controlling Interests	$80,200	$101,262	$29,114	$311,096
Other comprehensive income (loss) attributable to Non-Controlling Interests	(15,741)	2,314	(11,729)	3,189
Comprehensive Income Attributable to Non-Controlling Interests	$64,459	$103,576	$17,385	$314,285

(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 June 30, 2018	As of December 31, 2017
Due from Related Parties:		
Due from credit funds	$155,408	$128,198
Due from private equity funds	18,662	18,120
Due from real assets funds	21,464	20,105
Due from portfolio companies	60,405	37,366
Due from Contributing Partners, employees and former employees	59,305	58,799
Total Due from Related Parties	$315,244	$262,588
Due to Related Parties:		
Due to Managing Partners and Contributing Partners	$322,718	$333,379
Due to credit funds	41,982	63,491
Due to private equity funds	46,952	30,848
Due to real assets funds	285	283
Distributions payable to employees	155	12
Total Due to Related Parties	$412,092	$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 six months ended June 30, 2018 and 2017, a $39.6 million and $29.8 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 June 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 distributions. As

of June 30, 2018 and December 31, 2017, the balance included interest-bearing employee loans receivable of $15.5 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.

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 June 30, 2018 and December 31, 2017 of $35.3 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 $10.0 million and $10.5 million as of June 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 $41.5 million and $30.1 million accrued as of June 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 $37.8 million and $56.1 million accrued as of June 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 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 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 June 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.

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 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 June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017

Performance allocations from AAA Investments, net[1]	$(158)	$1,915	$(4,999)	$16,050

(1) Net of related profit sharing expense.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues earned in aggregate from Athene, Athora and AAA Investments, net[1][2]	$50,682	$96,979	$88,825	$249,216

(1) 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.

(2) Gains (losses) on the market value of the shares of Athene Holding owned directly by Apollo were $(68.1) million and $(0.1) million for the three months ended June 30, 2018 and 2017, respectively, and $(135.0) million and $34.5 million for the six months ended June 30, 2018 and 2017, respectively.

During the six months ended June 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 June 30, 2018	As of December 31, 2017
Performance allocations	$1,830	$178,600
Profit sharing payable	502	49,038

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

	As of June 30, 2018 [1]	As of December 31, 2017 [1]
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.

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 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 June 30, 2018 and December 31, 2017, $6.2 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 June 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 six months ended June 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 June 30, 2018 and December 31, 2017 of $1.4 billion and $1.7 billion, respectively, of which $696 million and $823 million related to Fund IX as of June 30, 2018 and December 31, 2017, respectively.

Debt Covenants—Apollo's debt obligations contain various customary loan covenants. As of June 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 "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 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.

Following the January 16, 2014 announcement that CEC Entertainment, Inc. ("CEC") had entered into a merger agreement with certain entities affiliated with Apollo (the "Merger Agreement"), four putative shareholder class actions were filed in the District Court of Shawnee County, Kansas on behalf of purported stockholders of CEC against, among others, CEC, its directors and Apollo and certain of its affiliates, which include Queso Holdings Inc., Q Merger Sub Inc., Apollo Management VIII, L.P., and AP VIII Queso Holdings, L.P. The first purported class action, which is captioned Hilary Coyne v. Richard M. Frank et al., Case No. 14C57, was filed on January 21, 2014 (the "Coyne Action"). The second purported class action, which was captioned

John Solak v. CEC Entertainment, Inc. et al., Civil Action No. 14C55, was filed on January 22, 2014 (the "Solak Action"). The Solak Action was dismissed for lack of prosecution on October 14, 2014. The third purported class action, which is captioned Irene Dixon v. CEC Entertainment, Inc. et al., Case No. 14C81, was filed on January 24, 2014 and additionally names as defendants Apollo Management VIII, L.P. and AP VIII Queso Holdings, L.P. (the "Dixon Action"). The fourth purported class action, which is captioned Louisiana Municipal Public Employees' Retirement System v. Frank, et al., Case No. 14C97, was filed on January 31, 2014 (the "LMPERS Action") (together with the Coyne and Dixon Actions, the "Shareholder Actions"). A fifth purported class action, which was captioned McCullough v. Frank, et al., Case No. CC-14-00622-B, was filed in the County Court of Dallas County, Texas on February 7, 2014. This action was dismissed for want of prosecution on May 21, 2014. Each of the Shareholder Actions alleges, among other things, that CEC's directors breached their fiduciary duties to CEC's stockholders in connection with their consideration and approval of the Merger Agreement, including by agreeing to an inadequate price, agreeing to impermissible deal protection devices, and filing materially deficient disclosures regarding the transaction. Each of the Shareholder Actions further alleges that Apollo and certain of its affiliates aided and abetted those alleged breaches. As filed, the Shareholder Actions seek, among other things, rescission of the various transactions associated with the merger, damages and attorneys' and experts' fees and costs. On February 7, 2014 and February 11, 2014, the plaintiffs in the Shareholder Actions pursued a consolidated action for damages after the transaction closed. Thereafter, the Shareholder Actions were consolidated under the caption In re CEC Entertainment, Inc. Stockholder Litigation, Case No. 14C57, and the parties engaged in limited discovery. On July 21, 2015, a consolidated class action complaint was brought by Twin City Pipe Trades Pension Trust in the Shareholder Actions that did not name as defendants Apollo, Queso Holdings Inc., Q Merger Sub Inc., Apollo Management VIII, L.P., or AP VIII Queso Holdings, L.P., continued to assert claims against CEC and its former directors, and added The Goldman Sachs Group Inc. ("Goldman Sachs") as a defendant. The consolidated complaint alleges, among other things, that CEC's former directors breached their fiduciary duties to CEC's stockholders by conducting a deficient sales process, agreeing to impermissible deal protection devices, and filing materially deficient disclosures regarding the transaction. It further alleges that two members of the board who also served as the senior managers of CEC had material conflicts of interest and that Goldman Sachs aided and abetted the board's breaches as a result of various conflicts of interest facing the bank. The consolidated complaint seeks, among other things, to recover damages, attorneys' fees and costs. On October 22, 2015, the parties to the consolidated action moved to dismiss the complaint. On March 1, 2017, the special master appointed by the Kansas court to oversee pre-trial proceedings recommended that the Kansas court grant defendants' motions to dismiss the complaint. On March 30, 2017, plaintiff moved for leave to amend the consolidated complaint. The proposed amended consolidated complaint does not name as defendants CEC or its former directors, and purports to substitute Goldman, Sachs & Co. in place of the Goldman Sachs Group Inc. on the claim for aiding and abetting breach of fiduciary duty. On June 1, 2017, the Court granted the parties' joint motion to dismiss all claims against CEC and the former directors, and dismissed the former CEC directors from the action. Although Apollo cannot predict the ultimate outcome of the consolidated action, and therefore no reasonable estimate of possible loss, if any, can be made at this time, Apollo believes that such action is without merit.

On 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. Discovery is ongoing. Because this action is in its early stages, no reasonable estimate of possible loss, if any, can be made at this time.

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 refiling 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 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. Defendants moved to dismiss the complaint on June 29, 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. 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.

Between July 25 and August 15, 2017, plaintiffs filed three purported stockholder class actions in the Nevada state and federal court against ClubCorp Holdings Inc. ("ClubCorp"), the directors of ClubCorp, and AGM, in connection with the proposed acquisition of ClubCorp. The cases in the District Court for Clark County, Nevada were originally captioned Meng v. ClubCorp Holdings, Inc., et al., No. A-17-758912-B ("Meng"); Baum v. Affeldt, et al., No. A-17-759227-C ("Baum"); and Solak v. Affeldt, et al., No. A-17-759987-B ("Solak"). On August 16, 2017, the Meng and Baum actions were consolidated with two other similar actions that did not name AGM as a defendant. The consolidated action is captioned In re ClubCorp Holdings Shareholder Litigation, Case No. A-17-758912-B ("In re ClubCorp"). On September 21, 2017, the Solak action was consolidated into In re ClubCorp. On October 12, 2017, plaintiffs in In re ClubCorp filed a consolidated amended complaint. The complaint purports to assert claims against the directors of ClubCorp for allegedly breaching their fiduciary duties of loyalty, due care, good faith, and candor owed to the plaintiff and the public stockholders of ClubCorp. The complaint includes allegations that the directors, among other things, agreed to a transaction at an unreasonably low price, failed to take the necessary steps to maximize stockholder value, gave preferential severance benefits to certain executives, agreed to preclusive deal protection provisions, and included materially incomplete and misleading information in the proxy statement recommending that stockholders vote in favor of the acquisition. The complaint also purports to assert a claim against AGM for aiding and abetting the directors' purported breach of fiduciary duty. On November 15, 2017, another plaintiff with separate counsel filed a motion to intervene, attaching a proposed complaint in intervention containing similar allegations but asserting claims only against ClubCorp and its directors, not AGM. On December 19, 2017, a hearing was held in which the motion to intervene was denied. On January 26, 2018, plaintiffs filed a second consolidated amended complaint. On February 23, 2018, AGM, ClubCorp, and the ClubCorp directors filed motions to dismiss the second consolidated amended complaint. On March 23, 2018, plaintiffs filed a brief in opposition to the motions to dismiss. On April 20, 2018, defendants filed reply briefs in further support of their motions to dismiss. On May 24, 2018, the court granted AGM's motion to dismiss and continued the ClubCorp directors' motion to dismiss pending additional discovery. On June 21, 2018, the court executed an order dismissing the claims against AGM with prejudice.

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 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. Because this action is in the early stages, no reasonable estimate of possible loss, if any, can be made at this time.

Five substantially similar shareholder class action lawsuits related to the January 19, 2018 IPO of ADT Inc. common stock were filed in the Circuit Court of the Fifteenth Judicial Circuit in and for Palm Beach County, Florida in March, April and May 2018. The actions are entitled Goldstrand Investments Inc. v. ADT Inc., Krebsbach v. ADT Inc., Katz v. ADT Inc., Sweet v. ADT Inc., and Lowinger v. ADT Inc. Plaintiffs in each case allege the purchase of ADT common stock in or traceable to the IPO or "pursuant to" ADT's registration statement, assert claims for alleged violations of the Securities Act of 1933 (the "1933 Act") and seek to represent a class of similarly situated shareholders. Each of the complaints names ADT Inc. and various ADT officers, directors and IPO underwriters, including Apollo Global Securities, LLC, as defendants. Plaintiffs allege that the defendants violated the 1933 Act because the registration statement and prospectus used to effectuate the IPO were false and misleading in that they allegedly misled investors with respect to material litigation involving ADT, ADT's efforts to protect its intellectual property, competitive pressures ADT faced, ADT's customer acquisition costs, and false-alarm pressures. On July 10, 2018, the Court entered an order consolidating the cases under the caption In re ADT Inc. Shareholder Litigation and providing that plaintiffs shall file a consolidated complaint by August 24, 2018. On May 21, 2018, a similar shareholder class action lawsuit also related to the January 19, 2018 IPO was filed in the United States District Court for the Southern District of Florida. The action is entitled Perdomo v. ADT Inc. On July 20, 2018, several purported ADT shareholders filed competing motions to be named lead plaintiff in that action. Those motions are pending. Because these actions are in the early stages, no reasonable estimate of possible loss, if any, can be made at this time.

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' response to the Complaint is due on August 22, 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.

The approximate aggregate minimum future payments required for operating leases are presented below and include the future payments for a lease signed on July 30, 2018:

	Remaining 2018	2019	2020	2021	2022	Thereafter	Total
Aggregate minimum future payments[(1)]	$ 18,403	$36,546	$24,400	$31,485	$35,395	$435,506	$581,735

(1) Includes payments associated with a lease which was signed on July 30, 2018.

Expenses related to non-cancellable contractual obligations for premises, equipment, auto and other assets were $10.2 million and $10.1 million for the three months ended June 30, 2018 and 2017, respectively, and $20.0 million and $20.4 million for the six months ended June 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 June 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	$ 13,841	$7,172	$2,357	$2,107	$1,497	$ 1,240	$28,214

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 June 30, 2018 and that would be reversed approximates $3.5 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 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 June 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 $82.0 million and $92.6 million as of June 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, 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 June 30, 2018			
	Credit Segment	Private Equity Segment	Real Assets Segment	Total Reportable Segments
Revenues:				
Management fees	$184,587	$122,812	$18,465	$325,864
Advisory and transaction fees, net	2,284	13,294	2	15,580
Performance fees[1]:				
Unrealized[2]	7,649	13,228	(258)	20,619
Realized	64,797	52,641	2,802	120,240
Total performance fees	72,446	65,869	2,544	140,859
Principal investment income	10,888	11,105	799	22,792
Total Revenues[3]	270,205	213,080	21,810	505,095
Expenses:				
Compensation and benefits:				
Salary, bonus and benefits	57,894	36,509	10,098	104,501
Equity-based compensation	8,311	6,875	847	16,033
Profit sharing expense:				
Unrealized	3,052	6,380	(307)	9,125
Realized	37,106	31,644	1,060	69,810
Equity-based[4]	2,072	15,483	290	17,845
Total profit sharing expense	42,230	53,507	1,043	96,780
Total compensation and benefits	108,435	96,891	11,988	217,314
Non-compensation expenses:				
General, administrative and other	33,626	15,740	6,310	55,676
Placement fees	279	32	—	311
Total non-compensation expenses	33,905	15,772	6,310	55,987
Total Expenses[3]	142,340	112,663	18,298	273,301
Other Loss:				
Net gains (losses) from investment activities	(47,432)	(20,137)	4	(67,565)
Net interest loss	(5,382)	(3,857)	(1,097)	(10,336)
Other loss, net	(2,319)	(2,398)	(699)	(5,416)
Total Other Loss[3]	(55,133)	(26,392)	(1,792)	(83,317)
Non-Controlling Interests	(1,364)	—	—	(1,364)
Economic Income[3]	$71,368	$74,025	$1,720	$147,113
Total Assets[3]	$2,648,979	$2,568,187	$206,413	$5,423,579

(1) Performance fees includes performance allocations and incentive fees.
(2) Included in unrealized performance fees for the three months ended June 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 (loss) 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 June 30, 2017			
	Credit Segment	Private Equity Segment	Real Assets Segment	Total Reportable Segments
Revenues:				
Management fees	$169,856	$77,275	$19,777	$266,908
Advisory and transaction fees, net	3,709	19,302	618	23,629
Performance fees[1]:				
Unrealized[2]	26,921	(98,372)	926	(70,525)
Realized	57,119	136,497	5,175	198,791
Total performance fees	84,040	38,125	6,101	128,266
Principal investment income	5,856	10,348	1,015	17,219
Total Revenues[3]	263,461	145,050	27,511	436,022
Expenses:				
Compensation and benefits:				
Salary, bonus and benefits	59,244	30,294	9,022	98,560
Equity-based compensation	9,228	7,704	634	17,566
Profit sharing expense:				
Unrealized	12,927	(34,983)	(70)	(22,126)
Realized	23,080	53,137	2,866	79,083
Equity-based[4]	582	462	—	1,044
Total profit sharing expense	36,589	18,616	2,796	58,001
Total compensation and benefits	105,061	56,614	12,452	174,127
Non-compensation expenses:				
General, administrative and other	31,760	16,617	5,297	53,674
Placement fees	3,918	1,341	—	5,259
Total non-compensation expenses	35,678	17,958	5,297	58,933
Total Expenses[3]	140,739	74,572	17,749	233,060
Other Loss:				
Net losses from investment activities	(299)	(100)	—	(399)
Net interest loss	(6,484)	(4,336)	(1,247)	(12,067)
Other income (loss), net	(241)	781	240	780
Total Other Loss[3]	(7,024)	(3,655)	(1,007)	(11,686)
Non-Controlling Interests	(559)	—	—	(559)
Economic Income[3]	$115,139	$66,823	$8,755	$190,717

(1) Performance fees includes performance allocations and incentive fees.
(2) Included in unrealized performance fees for the three months ended June 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 (loss).
(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 June 30,	
	2018	2017
Total Consolidated Revenues	$523,316	$449,708
Equity awards granted by unconsolidated related parties and reimbursable expenses[1]	(20,200)	(15,179)
Adjustments related to consolidated funds and VIEs[1]	1,979	1,493
Total Reportable Segments Revenues	$505,095	$436,022

(1) 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 June 30,	
	2018	2017
Total Consolidated Expenses	$301,394	$264,526
Equity awards granted by unconsolidated related parties and reimbursable expenses[1]	(19,836)	(15,179)
Transaction-related compensation charges[1]	7,854	(1,549)
Reclassification of interest expenses	(15,162)	(13,195)
Amortization of transaction-related intangibles[1]	(949)	(1,543)
Total Reportable Segments Expenses	$273,301	$233,060

(1) 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 (loss) to total other loss for Apollo's reportable segments.

	For the Three Months Ended June 30,	
	2018	2017
Total Consolidated Other Income (Loss)	$(59,188)	$6,983
Reclassification of interest expense	(15,162)	(13,195)
Adjustments related to consolidated funds and VIEs[1]	(8,967)	(5,474)
Total Reportable Segments Other Loss	$(83,317)	$(11,686)

(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 June 30,					
	2018			2017		
Income before income tax provision	$	162,734		$	192,165	
Adjustments:						
Net income attributable to Non-Controlling Interests in consolidated entities	(8,716		)	(4,535		)
Transaction-related charges, net[1]	(6,905		)	3,087		
Total consolidation adjustments and other	(15,621		)	(1,448		)
Economic Income	$	147,113		$	190,717	

(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 Six Months Ended June 30, 2018			
	Credit Segment	Private Equity Segment	Real Assets Segment	Total Reportable Segments
Revenues:				
Management fees	$367,657	$193,972	$36,438	$598,067
Advisory and transaction fees, net	4,632	23,892	50	28,574
Performance fees[1]:				
Unrealized[2]	35,360	(432,240)	(2,923)	(399,803)
Realized	79,854	331,916	5,928	417,698
Total performance fees	115,214	(100,324)	3,005	17,895
Principal investment income (loss)	16,297	(6,426)	317	10,188
Total Revenues[3]	503,800	111,114	39,810	654,724
Expenses:				
Compensation and benefits:				
Salary, bonus and benefits	118,968	71,530	20,534	211,032
Equity-based compensation	18,038	13,647	1,706	33,391
Profit sharing expense:				
Unrealized	18,765	(131,253)	(1,398)	(113,886)
Realized	43,708	133,726	2,646	180,080
Equity-based[4]	3,863	28,084	539	32,486
Total profit sharing expense	66,336	30,557	1,787	98,680
Total compensation and benefits	203,342	115,734	24,027	343,103
Non-compensation expenses:				
General, administrative and other	66,761	30,838	12,452	110,051
Placement fees	555	83	—	638
Total non-compensation expenses	67,316	30,921	12,452	110,689
Total Expenses[3]	270,658	146,655	36,479	453,792
Other Loss:				
Net gains (losses) from investment activities	(102,699)	(32,014)	11	(134,702)
Net interest loss	(10,353)	(7,784)	(2,140)	(20,277)
Other income (loss), net	1,627	(2,147)	(636)	(1,156)
Total Other Loss[3]	(111,425)	(41,945)	(2,765)	(156,135)
Non-Controlling Interests	(2,579)	—	—	(2,579)
Economic Income (Loss)[3]	$119,138	$(77,486)	$566	$42,218
Total Assets[3]	$2,648,979	$2,568,187	$206,413	$5,423,579

(1) Performance fees includes performance allocations and incentive fees.
(2) Included in unrealized performance fees for the six months ended June 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 (loss) and total assets.
(4) Relates to amortization of equity-based awards granted under certain profit sharing arrangements.

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	For the Six Months Ended June 30, 2017			
	Credit Segment	Private Equity Segment	Real Assets Segment	Total Reportable Segments
Revenues:				
Management fees	$328,198	$154,673	$36,090	$518,961
Advisory and transaction fees, net	6,265	31,074	1,357	38,696
Performance fees[(1)]:				
Unrealized[(2)]	33,243	65,247	3,530	102,020
Realized	88,055	291,958	5,239	385,252
Total performance fees	121,298	357,205	8,769	487,272
Principal investment income	12,339	42,076	2,018	56,433
Total Revenues[(3)]	468,100	585,028	48,234	1,101,362
Expenses:				
Compensation and benefits:				
Salary, bonus and benefits	114,126	61,763	17,392	193,281
Equity-based compensation	18,330	14,799	1,182	34,311
Profit sharing expense:				
Unrealized	15,142	20,033	1,964	37,139
Realized	36,525	128,389	2,892	167,806
Equity-based	869	462	—	1,331
Total profit sharing expense	52,536	148,884	4,856	206,276
Total compensation and benefits	184,992	225,446	23,430	433,868
Non-compensation expenses:				
General, administrative and other	63,850	33,977	9,779	107,606
Placement fees	5,688	1,475	—	7,163
Total non-compensation expenses	69,538	35,452	9,779	114,769
Total Expenses[(3)]	254,530	260,898	33,209	548,637
Other Income (Loss):				
Net gains from investment activities	30,795	3,296	—	34,091
Net interest loss	(13,006)	(8,578)	(2,471)	(24,055)
Other income, net	570	18,571	303	19,444
Total Other Income (Loss)[(3)]	18,359	13,289	(2,168)	29,480
Non-Controlling Interests	(1,493)	—	—	(1,493)
Economic Income[(3)]	$230,436	$337,419	$12,857	$580,712

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

(2) Included in unrealized performance fees for the six months ended June 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 (loss).

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

	For the Six Months Ended June 30,	
	2018	2017
Total Consolidated Revenues	$690,219	$1,131,812
Equity awards granted by unconsolidated related parties, reimbursable expenses and other[1]	(39,113)	(33,402)
Adjustments related to consolidated funds and VIEs[1]	3,618	2,952
Total Reportable Segments Revenues	$654,724	$1,101,362

(1) 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 Six Months Ended June 30,	
	2018	2017
Total Consolidated Expenses	$516,269	$610,514
Equity awards granted by unconsolidated related parties, reimbursable expenses and other[1]	(38,571)	(33,402)
Transaction-related compensation charges[1]	6,962	1,134
Reclassification of interest expenses	(28,959)	(26,194)
Amortization of transaction-related intangibles[1]	(1,909)	(3,415)
Total Reportable Segments Expenses	$453,792	$548,637

(1) 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 (loss) to total other income (loss) for Apollo's reportable segments:

	For the Six Months Ended June 30,	
	2018	2017
Total Consolidated Other Income (Loss)	$(111,984)	$65,058
Reclassification of interest expense	(28,959)	(26,194)
Adjustments related to consolidated funds and VIEs[1]	(15,192)	(9,384)
Total Reportable Segments Other Income (Loss)	$(156,135)	$29,480

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

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(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 Six Months Ended June 30,	
	2018	2017
Income before income tax provision	$61,966	$586,356
Adjustments:		
Transaction-related charges[1]	(5,053)	2,275
Net income attributable to Non-Controlling Interests in consolidated entities and appropriated partners' capital	(14,695)	(7,919)
Total consolidation adjustments and other	(19,748)	(5,644)
Economic Income	$42,218	$580,712

(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 June 30, 2018	As of December 31, 2017
Total reportable segment assets	$5,423,579	$5,740,943
Adjustments[1]	1,215,434	1,250,127
Total assets	$6,639,013	$6,991,070

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

16. SUBSEQUENT EVENTS

On August 2, 2018, the Company declared a cash distribution of $0.43 per Class A share, which will be paid on August 31, 2018 to holders of record on August 17, 2018.

On August 2, 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 September 17, 2018 to holders of record on September 1, 2018.

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 replaces the Revolver Facility (see note 9) and provides for a $750 million revolving credit facility to the Borrower with a final maturity date of July 11, 2023. In addition, 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 maximum net leverage ratio.

As of July 11, 2018, the 2018 AMH Credit Facility was undrawn. The interest rate on the 2018 AMH Credit Facility as of the closing date was based on adjusted LIBOR and the applicable margin was 1.00%. The undrawn revolving commitment fee was 0.09% as of the closing date. Borrowings under the 2018 AMH Credit Facility may be used for working capital and general corporate purposes, including, without limitation, permitted acquisitions. The 2013 AMH Credit Facilities and all related loan documents were terminated as of July 11, 2018.

On July 30, 2018, the Company entered into an agreement to lease office space at 9 West 57th Street, New York, New York. The term of the lease extends through 2036. See note 14 for information regarding aggregate minimum future payments.

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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 June 30, 2018			
	Apollo Global Management, LLC and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Assets:				
Cash and cash equivalents	$1,093,120	$5	$—	$1,093,125
Restricted cash	3,859	—	—	3,859
U.S. Treasury securities, at fair value	—	—	—	—
Investments	3,309,723	694	(79,829)	3,230,588
Assets of consolidated variable interest entities:				
Cash and cash equivalents	—	58,983	—	58,983
Investments, at fair value	—	1,183,085	(314)	1,182,771
Other assets	—	57,246	—	57,246
Incentive fees receivable	17,496	—	—	17,496
Due from related parties	319,380	—	(4,136)	315,244
Deferred tax assets, net	364,061	—	—	364,061
Other assets	209,782	—	(300)	209,482
Goodwill	88,852	—	—	88,852
Intangible assets, net	17,306	—	—	17,306
Total Assets	$5,423,579	$1,300,013	$(84,579)	$6,639,013
Liabilities and Shareholders' Equity				
Liabilities:				
Accounts payable and accrued expenses	$74,466	$—	$—	$74,466
Accrued compensation and benefits	110,311	—	—	110,311
Deferred revenue	109,182	—	—	109,182
Due to related parties	412,092	—	—	412,092
Profit sharing payable	659,907	—	—	659,907
Debt	1,357,640	—	—	1,357,640
Liabilities of consolidated variable interest entities:				
Debt, at fair value	—	925,807	(45,592)	880,215