

APOLLO INVESTMENT CORP  
Form 497  
February 26, 2015  
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Filed Pursuant to Rule 497  
File No. 333-189817

PROSPECTUS SUPPLEMENT

To the Prospectus dated September 12, 2014

**\$350,000,000**

**5.250% Notes due 2025**

We are offering \$350,000,000 in aggregate principal amount of our 5.250% Notes due 2025, which we refer to in this prospectus supplement as the Notes. The Notes will mature on March 3, 2025. We will pay interest on the Notes on March 3 and September 3 of each year, beginning September 3, 2015. We may redeem the Notes in whole or in part at any time, or from time to time, at the redemption prices discussed under the caption "Description of Notes - Optional Redemption" in this prospectus supplement. In addition, holders of the Notes can require us to repurchase some or all of the Notes at a purchase price equal to 100% of their principal amount, plus accrued and unpaid interest to, but not including, the repurchase date upon the occurrence of a Change of Control Repurchase Event (as defined herein). The Notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. A registration statement relating to these securities has been filed with and declared effective by the Securities and Exchange Commission, or the SEC. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. We may offer other debt securities from time to time other than the Notes under our Registration Statement or in private placements.

The Notes will be our direct unsecured obligations and rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by Apollo Investment Corporation.

Apollo Investment Corporation is an externally managed closed-end, non-diversified management investment company that has elected to be treated as a business development company, or "BDC," under the Investment Company Act of 1940, or "1940 Act." Our primary investment objective is to generate current income and capital appreciation. We invest primarily in various forms of debt investments, including secured and unsecured debt, loan investments and/or equity in private middle-market companies. We may also invest in the securities of public companies and structured products and other investments such as collateralized loan obligations and credit-linked notes.

**Investing in our Notes involves risks that are described in the Risk Factors sections beginning on page S-9 of this prospectus supplement and page 8 of the accompanying prospectus.**

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	Per Note	Total
Public offering price (1)	99.043%	\$ 346,650,500
Underwriting discounts	0.857%	\$ 3,000,000
Proceeds, before expenses, to Apollo Investment Corporation (2)	98.186%	\$ 343,650,500

(1) The public offering price set forth above does not include accrued interest, if any. Interest on the Notes will accrue from March 3, 2015 and must be paid by the purchaser if the Notes are delivered after March 3, 2015.

(2) Before deducting expenses payable by us related to this offering, estimated at \$300,000.

**THE NOTES ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.**

Delivery of the Notes in book-entry form only through the facilities of The Depository Trust Company will be made on or about March 3, 2015.

This prospectus supplement and the accompanying prospectus contain important information you should know before investing in our Notes. Please read it before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the SEC. This information is available free of charge by contacting us at 9 West 57th Street, New York, New York 10019, or by calling us at (212) 515-3450. The SEC maintains a website at [www.sec.gov](http://www.sec.gov) where such information is available without charge upon written or oral request. Our Internet website address is [www.apolloic.com](http://www.apolloic.com). Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus.

**We invest in securities that have been rated below investment grade by independent rating agencies or that would be rated below investment grade if they were rated. These securities, which are often referred to as junk, have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and illiquid.**

**Neither the SEC nor any state securities commission, nor any other regulatory body, has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

### *Joint Book-Running Managers*

**Barclays  
J.P. Morgan**

**Citigroup  
SunTrust Robinson Humphrey**

**BMO Capital Markets**

**Credit Suisse**

**Deutsche Bank Securities**

**UBS Investment Bank**

### *Co-Managers*

**Apollo Global Securities**

**Natixis**

The date of this prospectus supplement is February 24, 2015

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You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with additional information, or information different from that contained in this prospectus supplement and the accompanying prospectus. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, offering to sell, and seeking offers to buy, securities in any jurisdictions where offers and sales are not permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date of this prospectus supplement or such prospectus, respectively. Our business, financial condition, results of operations and prospects may have changed since then.

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This prospectus supplement sets forth certain terms of the Notes that we are offering pursuant to this prospectus supplement and the accompanying prospectus that is attached to the back of this prospectus supplement. This section outlines the specific legal and financial terms of the Notes. You should read this section together with the description of the Notes under the heading "Description of Notes" in this prospectus supplement and the more general description of the Notes in the accompanying prospectus under the heading "Description of Our Debt Securities" before investing in the Notes. Capitalized terms used in this prospectus supplement and not otherwise defined shall have the meanings ascribed to them in the accompanying prospectus or in the indenture governing, or the supplemental indenture establishing, the terms of the Notes (collectively, the indenture and the supplemental indenture are referred to as the "indenture").

Issuer	Apollo Investment Corporation
Title of securities	5.250% Notes due 2025
Initial aggregate principal amount being offered	\$350,000,000
Initial public offering price	99.043% of the aggregate principal amount of Notes.
Type of Note	Fixed rate note
Interest rate	5.250% per year
Day count basis	360-day year of twelve 30-day months
Original issue date	March 3, 2015
Stated maturity date	March 3, 2025
Date interest starts accruing	March 3, 2015
Interest payment dates	Each March 3 and September 3, commencing September 3, 2015. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment.
Interest periods	The initial interest period will be the period from and including March 3, 2015, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.

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Regular record dates for interest February 16 and August 16.

Specified currency U.S. Dollars

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Place of payment New York City

Ranking of Notes The Notes will be our general, unsecured obligations and will rank:

*pari passu* with all of our existing and future senior, unsecured indebtedness (including, but not limited to, our \$200 million aggregate principal amount of 5.75% Convertible Senior Notes due 2016, or the Convertible Notes, our \$150 million aggregate principal amount of 5.25% Notes due 2024, or the 2024 Notes, our \$150 million aggregate principal amount of 6.625% Senior Notes due 2042, or the 2042 Notes, and our \$150 million aggregate principal amount of 6.875% Senior Notes due 2043, or the 2043 Notes );

senior in right of payment to any of our subordinated indebtedness; and

effectively subordinated to our existing and future secured indebtedness (including, but not limited to, as of February 23, 2015, approximately \$832 million aggregate principal amount of our indebtedness under our \$1.71 billion senior secured, multi-currency, revolving credit facility, or the Senior Secured Facility (including \$25 million related to standby letters of credit issued and outstanding), our \$225 million aggregate principal amount of 6.25% Senior Secured Notes due 2015, or the 2015 Notes, our \$29 million aggregate principal amount of 5.875% Senior Secured Notes due 2016, or the 2016 Notes, and our \$16 million aggregate principal amount of 6.25% Senior Secured Notes due 2018, or the 2018 Notes, and collectively with our 2015 Notes and 2016 Notes, the Senior Secured Notes ) to the extent of the value of the assets securing such indebtedness and structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiaries.

As of February 23, 2015, we and our subsidiaries had approximately \$1,751 million of senior indebtedness outstanding, \$1,102 million of which was secured indebtedness and \$649 million of which was unsecured indebtedness.

Denominations We will issue the Notes in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Business day Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York City are authorized or required by law or executive order to close.

Optional redemption We may redeem some or all of the Notes at any time, or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed

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or (2) the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of accrued and unpaid interest to the date of redemption) on the Notes to be redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) using the applicable Treasury Rate plus 50 basis points, plus, in each case, accrued and unpaid interest to, but excluding, the redemption date.

You may be prevented from exchanging or transferring the Notes when they are subject to redemption. In case any Notes are to be redeemed in part only, the redemption notice will provide that, upon surrender of such Note, you will receive, without a charge, a new Note or Notes of authorized denominations representing the principal amount of your remaining unredeemed Notes.

Any exercise of our option to redeem the Notes will be done in compliance with the 1940 Act, to the extent applicable.

If we redeem only some of the Notes, the trustee will determine the method for selection of the particular Notes to be redeemed, in accordance with the 1940 Act to the extent applicable. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.

Sinking fund

The Notes will not be subject to any sinking fund.

Offer to purchase upon a Change of Control Repurchase Event

If a Change of Control Repurchase Event occurs prior to maturity, holders will have the right, at their option, to require us to repurchase for cash some or all of the Notes at a repurchase price equal to 100% of the principal amount of the Notes being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date.

Defeasance

The Notes are subject to legal and covenant defeasance by us.

Form of Notes

The Notes will be represented by global securities that will be deposited and registered in the name of The Depository Trust Company ( DTC ) or its nominee. This means that, except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations which are participants in DTC.

Trustee, Paying Agent, Registrar and Transfer Agent U.S. Bank National Association.



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Events of default	<p>If an event of default on the Notes occurs, the principal amount of the Notes, plus accrued and unpaid interest, may be declared immediately due and payable, subject to certain conditions set forth in the indenture. These amounts automatically become due and payable in the case of certain types of bankruptcy or insolvency events of default involving us.</p>
Other covenants	<p>In addition to the covenants described in the prospectus attached to this prospectus supplement, the following covenants shall apply to the Notes:</p> <p>We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions.</p> <p>If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable United States generally accepted accounting principles.</p>
No established trading market	<p>The Notes are a new issue of securities with no established trading market. The Notes will not be listed on any securities exchange or quoted on any automated dealer quotation system. Although certain of the underwriters have informed us that they intend to make a market in the Notes, they are not obligated to do so, and may discontinue any such market making at any time without notice. Accordingly, we cannot assure you that an active and liquid market for the Notes will develop or be maintained.</p>
Global clearance and settlement procedures	<p>Interests in the Notes will trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. None of the Company, the trustee or the paying agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.</p>

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Governing law

The Notes and the indenture will be governed by, and construed in accordance with, the laws of the State of New York.

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**BUSINESS**

*This summary highlights some of the information in this prospectus supplement. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under Risk Factors in this prospectus supplement and in the accompanying prospectus and the other information included in this prospectus supplement and the accompanying prospectus. In this prospectus supplement and the accompanying prospectus, except where the context suggests otherwise, the terms we, us, our, and Apollo Investment refer to Apollo Investment Corporation; AIM or investment adviser refers to Apollo Investment Management, L.P.; Apollo Administration or AIA refers to Apollo Investment Administration, LLC; and Apollo refers to the affiliated companies of Apollo Investment Management, L.P.*

**Apollo Investment**

Apollo Investment Corporation, a Maryland corporation organized on February 2, 2004, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company ( BDC ) under the Investment Company Act of 1940 (the 1940 Act ). In addition, for tax purposes we have elected to be treated as a regulated investment company ( RIC ) under the Internal Revenue Code of 1986, as amended (the Code ).

Our investment objective is to generate current income and capital appreciation. We invest primarily in various forms of debt investments, including secured and unsecured debt, loan investments and/or equity in private U.S. middle-market companies. We may also invest in the securities of public companies and structured products and other investments such as collateralized loan obligations and credit-linked notes.

Our portfolio is comprised primarily of investments in debt, including secured and unsecured debt of private U.S. middle-market companies that, in the case of senior secured loans, generally are not broadly syndicated and whose aggregate tranche size is typically less than \$250 million. Our portfolio also includes equity interests such as common stock, preferred stock, warrants or options. In this prospectus, we use the term middle-market to refer to companies with annual revenues between \$50 million and \$2 billion. While our investment objective is to generate current income and capital appreciation through investments in U.S. secured and unsecured loans, other debt securities and equity, we may also invest a portion of the portfolio in other investment opportunities, including foreign securities and structured products. Most of the debt instruments we invest in are unrated or rated below investment grade, which is often an indication of size, credit worthiness and speculative nature relative to the capacity of the borrower to pay interest and principal. Generally, if Apollo Investment's unrated investments were rated, they would be rated below investment grade. These securities, which are often referred to as junk or high yield, have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and illiquid. See Risk Factors Risks Related to Our Investments in the accompanying prospectus.

AIM is our investment adviser and an affiliate of Apollo Global Management, LLC and its consolidated subsidiaries ( AGM ). AGM and other affiliates manage other funds that may have investment mandates that are similar, in whole or in part, with ours. AIM and its affiliates may determine that an investment is appropriate both for us and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, AIM may determine that we should invest on a side-by-side basis with one or more other funds. We make all such investments subject to compliance with applicable regulations and interpretations, and our allocation procedures. In certain circumstances, negotiated co-investments may be made only if we receive an order from the SEC permitting us to do so. There can be no assurance that any such order will be obtained.

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During the three months ended December 31, 2014, we invested \$609 million across 13 new and 13 existing portfolio companies, through a combination of primary and secondary market purchases. This compares to investing \$630 million in 21 new and 22 existing portfolio companies for the three months ended December 31, 2013. Investments sold or repaid during the three months ended December 31, 2014 totaled \$699 million versus \$544 million for the three months ended December 31, 2013. The weighted average yields on our secured debt portfolio, unsecured debt portfolio, and total debt portfolio as of December 31, 2014 at our current cost basis were 11.0%, 11.1%, and 11.1%, respectively, exclusive of securities on non-accrual status. The weighted average yields on our secured debt portfolio, unsecured debt portfolio, and total debt portfolio as of March 31, 2014 at the current cost basis were 10.8%, 11.5%, and 11.1%, respectively, exclusive of securities on non-accrual status.

Our targeted investment size typically ranges between \$20 million and \$250 million, although this investment size may vary as the size of our available capital base changes. At December 31, 2014, our portfolio consisted of 109 portfolio companies (which reflects counting investments in operating and holding companies within the same corporate structure as one portfolio company) and was invested 61% in secured debt, 15% in unsecured debt, 10% in structured products and other, and 14% in common equity, preferred equity and warrants measured at fair value versus 111 portfolio companies invested 56% in secured debt, 27% in unsecured debt, 6% in structured products and other, and 11% in common equity, preferred equity and warrants measured at fair value at March 31, 2014.

Since the initial public offering of Apollo Investment in April 2004, and through December 31, 2014, invested capital totaled \$15.0 billion in 342 portfolio companies. Over the same period, Apollo Investment completed transactions with more than 100 different financial sponsors. A financial sponsor is a term commonly used to refer to private equity investment firms, particularly those private equity firms that engage in leveraged buyout transactions.

At December 31, 2014, 48% or \$1.4 billion of our income-bearing investment portfolio was fixed rate debt and 52% or \$1.5 billion was floating rate debt, measured at fair value. On a cost basis, 50% or \$1.5 billion of our income-bearing investment portfolio was fixed rate debt and 50% or \$1.5 billion was floating rate debt. At March 31, 2014, 58% or \$1.7 billion of our income-bearing investment portfolio was fixed rate debt and 42% or \$1.3 billion was floating rate debt at fair value. On a cost basis, 58% or \$1.7 billion of our income-bearing investment portfolio was fixed rate debt and 42% or \$1.2 billion was floating rate debt.

### ***About Apollo Investment Management***

AIM, our investment adviser, is led by John J. Hannan, James C. Zelter and Edward Goldthorpe. Potential investment opportunities are generally approved by an investment committee composed of senior personnel across AGM, including Mr. Zelter and Mr. Goldthorpe. The composition of the investment committee and its approval process for our investments may change from time to time. AIM draws upon AGM's more than 20 year history and benefits from the broader firm's significant capital markets, trading and research expertise developed through investments in many core sectors in over 200 companies since inception.

### ***About Apollo Investment Administration***

In addition to furnishing us with office facilities, equipment, and clerical, bookkeeping and record keeping services, AIA, an affiliate of AGM, also oversees our financial records as well as prepares our reports to stockholders and reports filed with the SEC. AIA also performs the calculation and publication of our net asset value, the payment of our expenses and oversees the performance of

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various third-party service providers and the preparation and filing of our tax returns. Furthermore, AIA provides on our behalf managerial assistance to those portfolio companies to which we are required to provide such assistance.

***Our Corporate Information***

Our administrative and principal executive offices are located at 730 Fifth Avenue, New York, NY 10019 and 9 West 57th Street, New York, NY, 10019, respectively. Our common stock is quoted on the NASDAQ Global Select Market under the symbol AINV. Our Internet website address is [www.apolloic.com](http://www.apolloic.com). Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus and you should not consider information contained on our website to be part of this prospectus supplement or the accompanying prospectus.

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**RISK FACTORS**

*Your investment in the Notes will involve certain risks. You should carefully consider the risks described below and all of the information contained in this prospectus supplement and the accompanying prospectus before deciding whether to purchase any Notes. The risks and uncertainties described below are not the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition and results of operations would suffer. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See the section entitled *Forward-Looking Statements* included elsewhere in this prospectus supplement and the accompanying prospectus. You should, in consultation with your own financial and legal advisors, carefully consider the following discussion of risks before deciding whether an investment in the Notes is suitable for you.*

**Our amount of debt outstanding may increase as a result of this offering. Our current indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes and our other debt.**

As of February 23, 2015, we and our subsidiaries had approximately \$1,751 million of senior indebtedness outstanding, \$1,102 million of which was secured indebtedness and \$649 million of which was unsecured indebtedness.

The use of debt could have significant consequences on our future operations, including:

making it more difficult for us to meet our payment and other obligations under the Notes and our other outstanding debt;

resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements, which event of default could result in substantially all of our debt becoming immediately due and payable;

reducing the availability of our cash flow to fund investments, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;

subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including borrowings under our Senior Secured Facility; and

limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy.

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes and our other debt.

Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our Senior Secured Facility or otherwise, in an amount sufficient to enable us to meet our payment obligations under the Notes and our other debt and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including the Notes, sell assets, reduce

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or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Notes and our other debt.

**A downgrade, suspension or withdrawal of the rating assigned by a rating agency to us or the Notes, if any, could cause the liquidity or market value of the Notes to decline significantly.**

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Notes. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the Notes. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Neither we nor any underwriter undertakes any obligation to maintain the ratings or to advise holders of Notes of any changes in ratings.

The Notes will be rated by Standard & Poor's Ratings Services, or S&P, and Fitch Ratings, or Fitch. There can be no assurance that their respective ratings will remain for any given period of time or that such ratings will not be lowered or withdrawn entirely by S&P or Fitch if in either of their respective judgments future circumstances relating to the basis of the rating, such as adverse changes in our company, so warrant.

**The Notes will be effectively subordinated to any existing and future secured indebtedness and structurally subordinated to existing and future liabilities and other indebtedness of our subsidiaries, and are due after certain of our outstanding notes.**

The Notes will be our general, unsecured obligations and will rank equal in right of payment with all of our existing and future senior, unsecured indebtedness (including, but not limited to, our \$200 million aggregate principal amount of Convertible Notes, our \$150 million aggregate principal amount of 2024 Notes, our \$150 million aggregate principal amount of 2042 Notes and our \$150 million aggregate principal amount of 2043 Notes, and senior in right of payment to any of our subordinated indebtedness. As a result, the Notes will be effectively subordinated to our existing and future secured indebtedness (including, but not limited to, as of February 23, 2015, approximately \$832 million aggregate principal amount of our indebtedness under our \$1.71 billion Senior Secured Facility (including \$25 million related to standby letters of credit issued and outstanding), our \$225 million aggregate principal amount of 2015 Notes, our \$29 million aggregate principal amount of 2016 Notes, and our \$16 million aggregate principal amount of 2018 Notes to the extent of the value of the assets securing such indebtedness and structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiaries. These liabilities may include indebtedness, trade payables, guarantees, lease obligations and letter of credit obligations. The Notes do not restrict us or our subsidiaries from incurring indebtedness, including senior secured indebtedness in the future, nor do they limit the amount of indebtedness we can issue that is equal in right of payment to the Notes. As of February 23, 2015, we and our subsidiaries had approximately \$1,751 million of senior indebtedness outstanding, \$1,102 million of which was secured indebtedness and \$649 million of which was unsecured indebtedness.

Each of the Convertible Notes, the 2024 Notes and the Senior Secured Notes are due prior to the Notes. We do not currently know whether we will be able to replace any of these notes, or if we do, whether we will be able to do so on terms that are as favorable as such notes. In the event that we are not able to replace these notes at the time of their respective maturities, this could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders, our ability to repay the Notes and our ability to qualify as a regulated investment company.

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### **The indenture under which the Notes will be issued will contain limited protection for holders of the Notes.**

The indenture under which the Notes will be issued will offer limited protection to holders of the Notes. The terms of the indenture and the Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse impact on your investment in the Notes. In particular, the terms of the indenture and the Notes will not place any restrictions on our or our subsidiaries' ability to:

issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions;

pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes;

sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);

enter into transactions with affiliates;

create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;

make investments; or

create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

Furthermore, the terms of the indenture and the Notes do not protect holders of the Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow, or liquidity.

Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the Notes may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting the trading value of the Notes.

Certain of our current debt instruments include more protections for their holders than the indenture and the Notes. See in the accompanying prospectus Risk Factors Risks Relating to Our Business and Structure We currently use borrowed funds to make investments and are exposed to the typical risks associated with leverage. In addition, other debt we issue or incur in the future could contain more protections for its holders than the indenture and the Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for and trading levels and prices of the Notes.



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### **We may not be able to repurchase the Notes upon a Change of Control Repurchase Event.**

Upon a Change of Control Repurchase Event, holders of the Notes may require us to repurchase for cash some or all of the Notes at a repurchase price equal to 100% of the aggregate principal amount of the Notes being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date. The source of funds for that purchase of Notes will be our available cash or cash generated from our operations or other potential sources, including funds provided by a purchaser in a change of control transaction, borrowings, sales of assets or sales of equity. We cannot assure you that sufficient funds from such sources will be available at the time of any Change of Control Repurchase Event to make required repurchases of Notes tendered. The terms of our Senior Secured Facility provide that certain change of control events will constitute an event of default thereunder entitling the lenders to accelerate any indebtedness outstanding under the Senior Secured Facility at that time and to terminate the Senior Secured Facility. In addition, the indentures governing our Senior Secured Notes contain similar provisions that would require us to offer to purchase the Senior Secured Notes upon the occurrence of a change of control. Our and our subsidiaries' future debt instruments may contain similar restrictions and provisions. If the holders of the Notes exercise their right to require us to repurchase Notes upon a Change of Control Repurchase Event, the financial effect of this repurchase could cause a default under our and our subsidiaries' future debt instruments, even if the Change of Control Repurchase Event itself would not cause a default. It is possible that we will not have sufficient funds at the time of the Change of Control Repurchase Event to make the required repurchase of the Notes and/or our other debt. See "Description of Notes - Offer to Repurchase Upon a Change of Control Repurchase Event."

### **We may be subject to certain corporate-level taxes which could adversely affect our cash flow and consequently adversely affect our ability to make payments on the Notes.**

We may be subject to certain corporate-level taxes regardless of whether we continue to qualify as a RIC. Additionally, should we fail to qualify as a RIC, we would be subject to corporate-level taxes on all of our taxable income. The imposition of corporate-level taxes could adversely affect our cash flow and consequently adversely affect our ability to make payments on the Notes.

### **There is currently no public market for the Notes, and an active trading market may not develop for the Notes. The failure of a market to develop for the Notes could adversely affect the liquidity and value of your Notes.**

The Notes are a new issue of securities, and there is no existing market for the Notes. We do not intend to apply for listing of the Notes on any securities exchange or for quotation of the Notes on any automated dealer quotation system. We have been advised by the underwriters that following the completion of the offering, the underwriters currently intend to make a market in the Notes. However, the underwriters are not obligated to do so and any market-making activities with respect to the Notes may be discontinued by them at any time without notice. In addition, any market-making activity will be subject to limits imposed by law. A market may not develop for the Notes, and there can be no assurance as to the liquidity of any market that may develop for the Notes. If an active, liquid market does not develop for the Notes, the market price and liquidity of the Notes may be adversely affected. If any of the Notes are traded after their initial issuance, they may trade at a discount from their initial discounted offering price. The liquidity of the trading market, if any, and future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results, financial performance and prospects, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in these factors.

### **The optional redemption provision may materially adversely affect your return on the Notes.**

The Notes are redeemable in whole or in part upon certain conditions at any time or from time to time at our option. We may choose to redeem the Notes at times when prevailing interest rates are lower than the interest rate paid on the Notes. In this circumstance, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the Notes being redeemed.

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**USE OF PROCEEDS**

We estimate that the net proceeds from this offering will be approximately \$343.351 million after deducting estimated underwriting discounts and commissions and estimated offering expenses of approximately \$300,000 payable by us.

We expect to use the net proceeds from the sale of the Notes to repay a portion of the indebtedness owed under our Senior Secured Facility.

We intend to use any net proceeds from this offering that are not applied as described above for general corporate purposes, which includes investing in portfolio companies in accordance with our investment objective.

At February 23, 2015, we had approximately \$832 million outstanding under our Senior Secured Facility, including \$25 million related to standby letters of credit issued and outstanding. The remaining capacity under the Senior Secured Facility was \$438 million at February 23, 2015. On September 13, 2013, we amended and restated the Senior Secured Facility. The amended and restated Senior Secured Facility extends the lenders' commitments totaling \$1.25 billion through August 2017, and allows us to seek additional commitments from new and existing lenders in the future, up to an aggregate facility size not to exceed \$1.71 billion. On April 16, 2014, we obtained an additional commitment from a new lender, increasing the size of the Senior Secured Facility to \$1.27 billion. The Senior Secured Facility is secured by substantially all of the assets in our portfolio, including cash and cash equivalents. The final maturity date of the Senior Secured Facility is August 31, 2018. Commencing September 30, 2017, we are required to repay, in twelve consecutive monthly installments of equal size, the outstanding amount under the Senior Secured Facility as of August 31, 2017. Pricing for Alternate Base Rate (ABR) borrowings is 100 basis points over the greater of (i) the applicable Prime Rate, (ii) the Federal Funds Effective Rate plus 1/2 of 1% and (iii) the one-month LIBO Rate plus 1%, and pricing for eurocurrency borrowings is 200 basis points over the Adjusted LIBO Rate. Terms used in the foregoing sentence have the meanings set forth in the Senior Secured Facility.

Certain affiliates of the underwriters are lenders under the Senior Secured Facility and as a result will receive the net proceeds of this offering to the extent such proceeds are used to repay indebtedness owed under the Senior Secured Facility.

**Table of Contents****SELECTED FINANCIAL DATA**

The Statement of Operations, Per Share data and Balance Sheet data for the fiscal years ended March 31, 2014, 2013, 2012, 2011 and 2010 are derived from our financial statements, which have been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm. Quarterly financial information is derived from unaudited financial data, but in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results of such interim periods. Interim results for the nine months ended December 31, 2014 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2015.

This selected financial data should be read in conjunction with our financial statements and related notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus supplement and the accompanying prospectus. All amounts are in thousands except per share data and as otherwise indicated.

	For the Nine Months Ended December 31, (unaudited)			For the Year Ended March 31,			
Statement of Operations Data:	2014	2013	2014	2013	2012	2011	2010
Total Investment Income	\$ 331,516	\$ 284,941	\$ 381,346	\$ 331,994	\$ 357,584	\$ 358,779	\$ 340,238
Net Expenses (including excise taxes)	\$ 155,614	\$ 133,305	\$ 180,098	\$ 164,634	\$ 184,842	\$ 167,607	\$ 140,828
Net Investment Income	\$ 175,902	\$ 151,636	\$ 201,248	\$ 167,360	\$ 172,742	\$ 191,172	\$ 199,410
Net Realized and Unrealized Gains (Losses)	\$ (88,750)	\$ 49,331	\$ 69,624	\$ (62,889)	\$ (259,006)	\$ (10,760)	\$ 63,880
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ 87,152	\$ 200,967	\$ 270,872	\$ 104,471	\$ (86,264)	\$ 180,412	\$ 263,290
<b>Per Share Data:</b>							
Net Asset Value	\$ 8.43	\$ 8.57	\$ 8.67	\$ 8.27	\$ 8.55	\$ 10.03	\$ 10.06
Net Investment Income	\$ 0.75	\$ 0.69	\$ 0.91	\$ 0.83	\$ 0.88	\$ 0.99	\$ 1.26
Net Earnings (Loss)	\$ 0.36	\$ 0.90	\$ 1.21	\$ 0.51	\$ (0.44)	\$ 0.93	\$ 1.65
Net Earnings (Loss) (Diluted)	\$ 0.36	\$ 0.88	\$ 1.18	\$ 0.51	\$ (0.44)	\$ 0.93	\$ 1.65
Distributions Declared	\$ 0.60	\$ 0.60	\$ 0.80	\$ 0.80	\$ 1.04	\$ 1.12	\$ 1.10
<b>Balance Sheet Data:</b>							
Total Assets	\$ 3,701,174	\$ 3,379,700	\$ 3,641,951	\$ 2,944,312	\$ 2,775,263	\$ 3,148,813	\$ 3,465,116
Borrowings Outstanding	\$ 1,588,653	\$ 1,261,292	\$ 1,372,261	\$ 1,156,067	\$ 1,009,337	\$ 1,053,443	\$ 1,060,616
Total Net Assets	\$ 1,996,691	\$ 1,925,339	\$ 2,051,611	\$ 1,677,389	\$ 1,685,231	\$ 1,961,031	\$ 1,772,806
<b>Other Data:</b>							
Total Return (1)	(4.00)%	9.00%	9.4%	28.2%	(32.4)%	5.1%	313.0%
Number of Portfolio Companies at Period End	109	101	111	81	62	69	67
Total Portfolio Investments for the Period	\$ 1,839,380	\$ 1,830,368	\$ 2,816,149	\$ 1,537,366	\$ 1,480,508	\$ 1,085,601	\$ 716,425
Investment Sales and Prepayments for the Period	\$ 1,737,803	\$ 1,575,542	\$ 2,322,189	\$ 1,337,431	\$ 1,634,520	\$ 977,493	\$ 451,687
Weighted Average Yield on Debt Portfolio at Period End	11.1%	11.4%	11.1%	11.9%	11.9%	11.6%	11.8%
Weighted Average Shares Outstanding at Period End (Basic) (2)	236,741	220,848	222,800	202,875	196,584	193,192	159,369
Weighted Average Shares Outstanding at Period End (Diluted) (2)	251,289	235,396	237,348	217,423	211,132	195,823	159,369

(1) Total return is based on the change in market price per share and takes into account dividends and distributions, if any, reinvested in accordance with our dividend reinvestment plan.

(2) In applying the if-converted method, conversion is not assumed for purposes of computing diluted earnings per share if the effect would be anti-dilutive. For the nine months ended December 31, 2014, anti-dilution would total \$0.01. For the fiscal years ended March 31, 2013 and March 31, 2012, anti-dilution would total \$0.02 and \$0.08, respectively.



**Table of Contents****CAPITALIZATION**

The following table sets forth our cash and capitalization as of December 31, 2014 (1) on an actual basis and (2) on an as adjusted basis to reflect the effects of the offering of the Notes and the application of net proceeds from this offering as described under Use of Proceeds. You should read this table together with Use of Proceeds and Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto set forth in this prospectus supplement, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included in the accompanying prospectus. The adjusted information is illustrative only; our capitalization following the completion of this offering is subject to adjustment based on the actual offering of the Notes, which will be determined at pricing.

All amounts in thousands, except per share data

	As of December 31, 2014	
	Actual (unaudited)	As Adjusted for this Offering (unaudited)
Cash	\$ 27,670	\$ 27,670
<b>Debt</b>		
Borrowings under senior secured facility (1)	669,777	326,426
Senior Secured Notes	270,000	270,000
2024 Notes	148,876	148,876
2042 Notes	150,000	150,000
2043 Notes	150,000	150,000
Convertible Notes	200,000	200,000
Notes offered hereby		346,651
<b>Stockholders' Equity</b>		
Common stock, par value \$0.001 per share; 400,000,000 shares authorized, 236,741,351 shares issued and outstanding	237	237
Capital in excess of par value	3,221,803	3,221,803
Distributable earnings (2)	(1,225,349)	(1,225,349)
Total stockholders' equity	1,996,691	1,996,691
Total capitalization	\$ 3,585,344	\$ 3,588,644

(1) As described under Use of Proceeds, we expect to use the net proceeds from this offering to repay a portion of the borrowings outstanding under our Senior Secured Facility.

(2) Includes cumulative net investment income or loss, cumulative amounts of gains and losses realized from investment and foreign currency transactions and net unrealized appreciation or depreciation of investments and foreign currencies, and distributions paid to stockholders other than tax return of capital distributions. Distributable earnings is not intended to represent amounts we may or will distribute to our stockholders.

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**FORWARD-LOOKING STATEMENTS**

Some of the statements in this prospectus supplement and the accompanying prospectus constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus involve risks and uncertainties, including statements as to:

our future operating results;

our business prospects and the prospects of our portfolio companies;

the impact of investments that we expect to make;

our contractual arrangements and relationships with third parties;

the dependence of our future success on the general economy and its impact on the industries in which we invest;

the ability of our portfolio companies to achieve their objectives;

our expected financings and investments;

the adequacy of our cash resources and working capital; and

the timing of cash flows, if any, from the operations of our portfolio companies.

We generally use words such as anticipates, believes, expects, intends and similar expressions to identify forward-looking statements. Our actual results could differ materially from those projected in the forward-looking statements for any reason, including the factors set forth in Risk Factors and elsewhere in this prospectus supplement and accompanying prospectus.

We have based the forward-looking statements included in this prospectus supplement and accompanying prospectus on information available to us on the date of this prospectus supplement and accompanying prospectus. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, we have a general obligation to update to reflect material changes in our disclosures and you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the notes thereto and other financial information appearing elsewhere in this prospectus supplement and the accompanying prospectus.

**OVERVIEW**

Apollo Investment was incorporated under the Maryland General Corporation Law in February 2004. We have elected to be treated as a BDC under the 1940 Act. As such, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in qualifying assets, including securities of private or thinly traded public U.S. companies, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. In addition, for federal income tax purposes we have elected to be treated as a RIC under Subchapter M of the Code. Pursuant to this election and assuming we qualify as a RIC, we generally do not have to pay corporate-level federal income taxes on any income we distribute to our stockholders. Apollo Investment commenced operations on April 8, 2004 upon completion of its initial public offering that raised \$870 million in net proceeds from selling 62 million shares of its common stock at a price of \$15.00 per share. Since then, and through December 31, 2014, we have raised approximately \$2.21 billion in net proceeds from additional offerings of common stock.

***Investments***

Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle-market companies, the level of merger and acquisition activity for such companies, the general economic environment, and the competitive environment for the types of investments we make. As a business development company, we must not acquire any assets other than qualifying assets specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions).

***Revenue***

We generate revenue primarily in the form of interest and dividend income from the securities we hold and capital gains, if any, on investment securities that we may acquire in portfolio companies. Our debt investments, whether in the form of mezzanine or senior secured loans, generally have a stated term of five to ten years and bear interest at a fixed rate or a floating rate usually determined on the basis of a benchmark: LIBOR, Euro Interbank Offered Rate (EURIBOR), British pound sterling LIBOR (GBP LIBOR), or the prime rate. Interest on debt securities is generally payable quarterly or semiannually and while U.S. subordinated debt and corporate notes typically accrue interest at fixed rates, some of our investments may include zero coupon and/or step-up bonds that accrue income on a constant yield to call or maturity basis. In addition, some of our investments provide for payment-in-kind (PIK) interest or dividends. Such amounts of accrued PIK interest or dividends are added to the cost of the investment on the respective capitalization dates and generally become due at maturity of the investment or upon the investment being called by the issuer. We may also generate revenue in the form of commitment, origination, structuring fees, fees for providing managerial assistance and, if applicable, consulting fees, etc.

***Expenses***

For all investment professionals of the investment adviser and their staff, when and to the extent engaged in providing investment advisory and management services to us, the compensation

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and routine overhead expenses of that personnel which is allocable to those services are provided and paid for by AIM. We bear all other costs and expenses of our operations and transactions, including those relating to:

investment advisory and management fees;

expenses incurred by AIM payable to third parties, including agents, consultants or other advisors, in monitoring our financial and legal affairs and in monitoring our investments and performing due diligence on our prospective portfolio companies;

calculation of our net asset value (including the cost and expenses of any independent valuation firm);

direct costs and expenses of administration, including independent registered public accounting and legal costs;

costs of preparing and filing reports or other documents with the SEC;

interest payable on debt, if any, incurred to finance our investments;

offerings of our common stock and other securities;

registration and listing fees;

fees payable to third parties, including agents, consultants or other advisors, relating to, or associated with, evaluating and making investments;

transfer agent and custodial fees;

taxes;

independent directors' fees and expenses;

marketing and distribution-related expenses;

the costs of any reports, proxy statements or other notices to stockholders, including printing and postage costs;

our allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;



organizational costs; and

all other expenses incurred by us or AIA in connection with administering our business, such as our allocable portion of overhead under the administration agreement between the Company and AIA (the Administration Agreement ), including rent and our allocable portion of the cost of our chief financial officer, chief compliance officer, and their respective staffs.

We expect our general and administrative operating expenses related to our ongoing operations to increase moderately in dollar terms. During periods of asset growth, we generally expect our general and administrative operating expenses to decline as a percentage of our total assets and increase during periods of asset declines. Incentive fees, interest expense and costs relating to future offerings of securities, among others, may also increase or reduce overall operating expenses based on portfolio performance, interest rate benchmarks, and offerings of our securities relative to comparative periods, among other factors.

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**Table of Contents****Portfolio and Investment Activity**

Our portfolio and investment activity during the three months ended December 31, 2014 and 2013 is as follows:

<i>(amounts in millions)</i>	Three Months Ended December 31, 2014	Three Months Ended December 31, 2013
Investment made in portfolio companies (1)	\$ 609	\$ 630
Investments sold	(444)	(293)
Net activity before repaid investments	165	337
Investments repaid	(255)	(251)
Net investment activity	\$ (90)	\$ 86
Portfolio companies, at beginning of period	113	93
Number of new portfolio companies	13	21
Number of exited companies	(17)	(13)
Portfolio companies, at end of period	109	101
Number of investments in existing portfolio companies	13	22

(1) Investments were primarily made through a combination of primary and secondary debt investments. Our portfolio composition and weighted average yields at December 31, 2014 and at March 31, 2014 are as follows:

	December 31, 2014	March 31, 2014
<b>Portfolio composition, measured at fair value:</b>		
Secured debt	61%	56%
Unsecured debt	15%	27%
Structured products and other (1)	10%	6%
Common equity, preferred equity and warrants	14%	11%
<b>Weighted average yields, at current cost basis, exclusive of securities on non-accrual status (2):</b>		
Secured debt portfolio	11.0%	10.8%
Unsecured debt portfolio	11.1%	11.5%
Total debt portfolio	11.1%	11.1%
<b>Income-bearing investment portfolio composition, measured at fair value:</b>		
Fixed rate amount	\$ 1.4 billion	\$ 1.7 billion
Floating rate amount	\$ 1.5 billion	\$ 1.3 billion
Fixed rate %	48%	58%
Floating rate %	52%	42%
<b>Income-bearing investment portfolio composition, measured at cost:</b>		
Fixed rate amount	\$ 1.5 billion	\$ 1.7 billion
Floating rate amount	\$ 1.5 billion	\$ 1.2 billion
Fixed rate %	50%	58%
Floating rate %	50%	42%

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- (1) Structured products and other such as collateralized loan obligations ( CLOs ) and credit-linked notes ( CLNs ) are typically a form of securitization in which the cash flows from a portfolio of loans are pooled and passed on to different classes of debt and residual interest in order of seniority.
  
- (2) An investor 's yield may be lower than the portfolio yield due to sales loads and other expenses.

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Since the initial public offering of Apollo Investment in April 2004 and through December 31, 2014, invested capital totaled \$15.0 billion in 342 portfolio companies. Over the same period, Apollo Investment completed transactions with more than 100 different financial sponsors.

## **CRITICAL ACCOUNTING POLICIES**

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Changes in the economic environment, financial markets, and any other parameters used in determining such estimates could cause actual results to differ materially. In addition to the discussion below, our critical accounting policies are further described in the notes to the financial statements included herein.

## **Fair Value Measurements**

The Company follows guidance in Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, where fair value is defined as 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. Fair value measurements are determined within a framework that establishes a three-tier hierarchy which maximizes the use of observable market data and minimizes the use of unobservable inputs to establish a classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as the risk inherent in a particular valuation technique used to measure fair value using a pricing model and/or the risk inherent in the inputs for the valuation technique. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the information available. The inputs or methodology used for valuing assets or liabilities may not be an indication of the risks associated with investing in those assets or liabilities. Under procedures established by our board of directors, we value investments, including certain secured debt, unsecured debt, and other debt securities with maturities greater than 60 days, for which market quotations are readily available at such market quotations (unless they are deemed not to represent fair value). We attempt to obtain market quotations from at least two brokers or dealers (if available, otherwise from a principal market maker or a primary market dealer or other independent pricing service). We utilize mid-market pricing as a practical expedient for fair value unless a different point within the range is more representative. If and when market quotations are deemed not to represent fair value, we typically utilize independent third party valuation firms to assist us in determining fair value. Accordingly, such investments go through our multi-step valuation process as described below. In each case, our independent valuation firms consider observable market inputs together with significant unobservable inputs in arriving at their valuation recommendations for such investments. Debt investments with remaining maturities of 60 days or less may each be valued at cost with interest accrued or discount amortized to the date of maturity, unless such valuation, in the judgment of our investment adviser, does not represent fair value. In this case, such investments shall be valued at fair value as determined in good faith by or under the direction of our board of directors, using market quotations where available. Investments that are not publicly traded or whose market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of our board of directors. Such determination of fair values may involve subjective judgments and estimates.

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With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, our board of directors has approved a multi-step valuation process each quarter, as described below:

- (1) our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals of our investment adviser who is responsible for the portfolio investment;
- (2) preliminary valuation conclusions are then documented and discussed with senior management of our investment adviser;
- (3) independent valuation firms are engaged by our board of directors to conduct independent appraisals by reviewing our investment adviser's preliminary valuations and then making their own independent assessment;
- (4) the audit committee of the board of directors reviews the preliminary valuation of our investment adviser and the valuation prepared by the independent valuation firm and responds to the valuation recommendation of the independent valuation firm to reflect any comments; and
- (5) the board of directors discusses valuations and determines in good faith the fair value of each investment in our portfolio based on the input of our investment adviser, the applicable independent valuation firm, third party pricing services, and the audit committee.

Investments in all asset classes are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, seniority of investment in the investee company's capital structure, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market (as the reporting entity), and enterprise values, among other factors. When readily available, broker quotations and/or quotations provided by pricing services are considered in the valuation process of independent valuation firms. As of December 31, 2014, there was no change to the Company's valuation techniques and related inputs considered in the valuation process.

ASC 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities, accessible by the Company at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for the asset or liability.

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In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. Of the Company's investments at December 31, 2014, \$2.9 billion or 81% of the Company's investments were classified as Level 3.

The high proportion of Level 3 investments relative to our total investments is directly related to our investment philosophy and target portfolio, which consists primarily of long-term secured debt, as well as unsecured and mezzanine positions of private middle-market companies. A fundamental difference exists between our investments and those of comparable publicly traded fixed income investments, namely high yield bonds, and this difference affects the valuation of our private investments relative to comparable publicly traded instruments.

Senior secured loans, or senior loans, are higher in the capital structure than high yield bonds, and are typically secured by assets of the borrowing company. This improves their recovery prospects in the event of default and affords senior loans a structural advantage over high yield bonds. The Company's investments are also privately negotiated and contain covenant protections that limit the issuer to take actions that could harm us as a creditor. High yield bonds typically do not contain such covenants.

Given the structural advantages of capital seniority and covenant protection, the valuation of our private debt portfolio is driven more by investment specific credit factors than movements in the broader debt capital markets. Each security is evaluated individually and as indicated above, we value our private investments based upon a multi-step valuation process, including valuation recommendations from independent valuation firms.

## **Investment Income Recognition**

The Company records interest and dividend income, adjusted for amortization of premium and accretion of discount, on an accrual basis. Some of our loans and other investments, including certain preferred equity investments, may have contractual PIK interest or dividends. PIK interest and dividends computed at the contractual rate are accrued into income and reflected as receivable up to the capitalization date. PIK investments offer issuers the option at each payment date of making payments in cash or in additional securities. When additional securities are received, they typically have the same terms, including maturity dates and interest rates as the original securities issued. On these payment dates, the Company capitalizes the accrued interest or dividends receivable (reflecting such amounts as the basis in the additional securities received). PIK generally becomes due at maturity of the investment or upon the investment being called by the issuer. At the point the Company believes PIK is not expected to be realized, the PIK investment will be placed on non-accrual status. When a PIK investment is placed on non-accrual status, the accrued, uncanceled interest or dividends are reversed from the related receivable through interest or dividend income, respectively. The Company does not reverse previously capitalized PIK interest or dividends. Upon capitalization, PIK is subject to the fair value estimates associated with their related investments. PIK investments on non-accrual status are restored to accrual status if the Company believes that PIK is expected to be realized.

Investments that are expected to pay regularly scheduled interest and/or dividends in cash are generally placed on non-accrual status when principal or interest/dividend cash payments are past due 30 days or more and/or when it is no longer probable that principal or interest/dividend cash payments will be collected. Such non-accrual investments are restored to accrual status if past due principal and interest or dividends are paid in cash, and in management's judgment, are likely to continue timely

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payment of their remaining interest or dividend obligations. Interest or dividend cash payments received on non-accrual designated investments may be recognized as income or applied to principal depending upon management's judgment.

Loan origination fees, original issue discount, and market discounts are capitalized and amortized into income using the interest method or straight-line, as applicable. Upon the prepayment of a loan, any unamortized loan origination fees are recorded as interest income. We record prepayment premiums on loans and other investments as interest income when we receive such amounts. Other income generally includes administrative fee, bridge fees, and structuring fees, which are recorded when earned.

The Company records as dividend income the accretable yield from its beneficial interests in structured products such as CLOs based upon a number of cash flow assumptions that are subject to uncertainties and contingencies. Such assumptions include the rate and timing of principal and interest receipts (which may be subject to prepayments and defaults) of the underlying pools of assets. These assumptions are updated on at least a quarterly basis to reflect changes related to a particular security, actual historical data, and market changes. A structured product investment typically has an underlying pool of assets. Payments on structured product investments are payable solely from the cash flows from such assets. As such any unforeseen event in these underlying pools of assets might impact the expected recovery and future accrual of income.

## **Expenses**

Expenses include management fees, performance-based incentive fees, insurance expenses, administrative service fees, legal fees, directors' fees, audit and tax service expenses, and other general and administrative expenses. Expenses are recognized on an accrual basis.

## **Net Realized Gains or Losses and Net Change in Unrealized Gain (Loss)**

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized upfront fees and prepayment penalties. Net change in unrealized gain (loss) reflects the net change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized gains or losses.

Within the context of these critical accounting policies, we are not currently aware of any reasonably likely events or circumstances that would result in materially different amounts being reported.

## **Recent Accounting Pronouncements**

See note 2 within the Notes to the Financial Statements included herein.

**Table of Contents****RESULTS OF OPERATIONS**

Operating results for the three and nine months ended December 31, 2014 and 2013 were as follows:

<i>(in thousands)</i>	<b>Three Months Ended December 31, 2014</b>	<b>Three Months Ended December 31, 2013</b>	<b>Nine Months Ended December 31, 2014</b>	<b>Nine Months Ended December 31, 2013</b>
<b>Investment income</b>				
Interest	\$ 98,088	\$ 83,115	\$ 298,933	\$ 250,211
Dividends	7,342	8,050	21,231	24,568
Other	4,596	3,396	11,352	10,162
<b>Total investment income</b>	<b>\$ 110,026</b>	<b>\$ 94,561</b>	<b>\$ 331,516</b>	<b>\$ 284,941</b>
<b>Expenses</b>				
Base management fees and performance-based incentive fees, net of amounts waived	\$ (28,230)	\$ (24,026)	\$ (84,885)	\$ (72,833)
Interest and other debt expenses, net of expense reimbursements	(20,294)	(17,345)	(58,101)	(50,653)
Administrative services expenses, net of expense reimbursements	(1,826)	(1,410)	(4,709)	(3,616)
Other general and administrative expenses	(3,014)	(2,097)	(7,919)	(6,203)
<b>Net expenses</b>	<b>(53,364)</b>	<b>(44,878)</b>	<b>(155,614)</b>	<b>(133,305)</b>
<b>Net investment income</b>	<b>\$ 56,662</b>	<b>\$ 49,683</b>	<b>\$ 175,902</b>	<b>\$ 151,636</b>
<b>Realized and unrealized gain (loss) on investments, cash equivalents, derivatives and foreign currencies</b>				
Net realized gain (loss)	\$ (1,430)	\$ 3,667	\$ (3,169)	\$ (109,541)
Net change in unrealized gain (loss)	(74,684)	52,388	(85,581)	158,872
<b>Net realized and unrealized gain (loss) from investments, cash equivalents, derivatives and foreign currencies</b>	<b>(76,114)</b>	<b>56,055</b>	<b>(88,750)</b>	<b>49,331</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ (19,452)</b>	<b>\$ 105,738</b>	<b>\$ 87,152</b>	<b>\$ 200,967</b>
<b>Net investment income per share on per average share basis</b>	<b>\$ 0.24</b>	<b>\$ 0.22</b>	<b>\$ 0.75</b>	<b>\$ 0.69</b>
<b>Earnings (Loss) per share basic</b>	<b>\$ (0.09)</b>	<b>\$ 0.47</b>	<b>\$ 0.36</b>	<b>\$ 0.90</b>
<b>Earnings (Loss) per share diluted</b>	<b>\$ (0.09)</b>	<b>\$ 0.45</b>	<b>\$ 0.36</b>	<b>\$ 0.88</b>

**Total Investment Income**

*For the three months ended December 31, 2014 as compared to the three months ended December 31, 2013*

The increase in total investment income for the three months ended December 31, 2014 compared to the three months ended December 31, 2013 was primarily due to the increase in interest income. Interest income increased due to an increase in the investment portfolio size, which increased to an average cost of \$3.63 billion for the three months ended December 31, 2014 from an average cost of \$3.13 billion for the three months ended December 31, 2013. The increase in total investment income was also due to an increase in prepayment fees and an acceleration of original issue discount





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on repaid investments, which totaled approximately \$9.3 million for the three months ended December 31, 2014 as compared to \$2.5 million three months ended December 31, 2013. The increase was partially offset by a decrease in yield on debt investments (11.1% as of December 31, 2014 and 11.4% as of December 31, 2013) during the period. Dividend income decreased slightly as there was a special dividend payment from Explorer Coinvest, LLC (Booz Allen) during the three months ended December 31, 2013. Other income, which primarily includes structuring fees, during the three months ended December 31, 2014 was higher due to increased investment activity.

*For the nine months ended December 31, 2014 as compared to the nine months ended December 31, 2013*

The increase in total investment income for the nine months ended December 31, 2014 compared to the nine months ended December 31, 2013 was primarily due to the increase in interest income. Interest income increased due to an increase in the investment portfolio size, which increased to an average cost of \$3.52 billion for the nine months ended December 31, 2014 from an average cost of \$3.10 billion for the nine months ended December 31, 2013. The increase in investment income was also due to an increase in prepayment fees and an acceleration of original issue discount on repaid investments, which totaled approximately \$37.3 million for the nine months ended December 31, 2014 as compared to \$19.4 million three months ended December 31, 2013. The increase in interest income was partially offset by a decrease in yield on debt investments (11.1% as of December 31, 2014 and 11.4% as of December 31, 2013) during the period. Dividend income decreased as there was a special dividend payment from RC Coinvestment, LLC during the nine months ended December 31, 2013. Other income during the nine months ended December 31, 2014 was higher due to increased structuring fees on investments.

**Net Expenses**

*For the three months ended December 31, 2014 as compared to three months ended December 31, 2013*

The increase in expenses for the three months ended December 31, 2014 compared to the three months ended December 31, 2013 was primarily driven by an increase of \$2.9 million in interest and other debt related expenses and an increase of \$4.2 million in management and performance-based incentive fees (net of amounts waived). Management and performance-based incentive fees increased primarily due to the increase in the size and net investment income earned on the portfolio. Interest and other debt related costs were higher due to a higher average debt balance, which increased to \$1.64 billion during the three months ended December 31, 2014 from \$1.25 billion during the three months ended December 31, 2013. The total annualized cost of debt for the period declined to 4.90% from 5.50% for the three months ended December 31, 2013 as a result of the utilization of our Senior Secured Credit Facility.

*For the nine months ended December 31, 2014 as compared to the nine months ended December 31, 2013*

The increase in expenses for the nine months ended December 31, 2014 compared to the nine months ended December 31, 2013 was primarily driven by an increase of \$7.4 million in interest and other debt related expenses and an increase of \$12.1 million in management and performance-based incentive fees (net of amounts waived). Management and performance-based incentive fees increased due to the increase in the size and net investment income earned on the portfolio. Interest and other debt related costs were higher due to a higher average debt balance, which increased to \$1.58 billion during the nine months ended December 31, 2014 from \$1.19 billion during the nine months ended December 31, 2013. The total annualized cost of debt for the period declined to 4.88% from 5.62% for the nine months ended December 31, 2013 primarily as a result of the utilization of our Senior Secured Credit Facility and the September 2013 credit facility amendment which resulted in a decrease in pricing by 25 basis points.

**Table of Contents****Net Realized Gain (Loss)**

*For the three months ended December 31, 2014 as compared to three months ended December 31, 2013*

Net realized losses for the three months ended December 31, 2014 were \$1.4 million and comprised of \$17.3 million of gross realized losses and \$15.9 million of gross realized gains. Significant realized gains (losses) for the three months ended December 31, 2014 are summarized below:

<i>(in millions)</i>	<b>Net Realized Gain (Loss)</b>
First Data Corp.	\$ 5.6
RC Coinvestment, LLC	5.0
Walter Energy, Inc.	(7.8)
inVentiv Health, Inc.	(5.6)
Other (net)	1.4
 Total, net	 \$ (1.4)

Net realized gains for the three months ended December 31, 2013 were \$3.7 million and comprised of \$20.0 million of gross realized gains and \$16.3 million of gross realized losses. Significant realized gains (losses) for the three months ended December 31, 2013 are summarized below:

<i>(in millions)</i>	<b>Net Realized Gain (Loss)</b>
Penton Business Media Holdings, LLC	\$ 10.1
Garden Fresh Restaurant Corp.	(5.4)
IPC Systems, Inc.	(5.3)
Altegrity, Inc.	(2.3)
Other (net)	6.6
 Total, net	 \$ 3.7

*For the nine months ended December 31, 2014 as compared to the nine months ended December 31, 2013*

Net realized losses for the nine months ended December 31, 2014 were \$3.2 million and comprised of \$41.0 million of gross realized losses and \$37.8 million of gross realized gains. Significant realized gains (losses) for the nine months ended December 31, 2014 are summarized below:

<i>(in millions)</i>	<b>Net Realized Gain (Loss)</b>
Aventine Renewable Energy Holdings, Inc.	\$ 11.6
First Data Corp.	7.5
Altegrity, Inc.	(17.7)
inVentiv Health, Inc.	(9.4)
Walter Energy, Inc.	(8.6)
Other (net)	13.4
 Total, net	 \$ (3.2)

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Net realized losses for the nine months ended December 31, 2013 were \$109.5 million and comprised of \$155.5 million of gross realized losses and \$46.0 million of gross realized gains. Significant realized gains (losses) for the nine months ended December 31, 2013 are summarized below:

<i>(in millions)</i>	<b>Net Realized Gain (Loss)</b>
Penton Business Media Holdings, LLC	\$ 11.5
Ceridian Corp.	4.9
ATI Acquisition Company	(54.4)
Cengage Learning Acquisitions	(44.6)
Texas Competitive Electric Holdings ( TXU )	(13.5)
Altegrity, Inc.	(7.2)
Other (net)	(6.2)
 Total, net	 \$ (109.5)

The realized losses incurred upon the exit of these investments reversed out previously reported unrealized losses.

**Net Change in Unrealized Gain (Loss)**

*For the three months ended December 31, 2014 as compared to three months ended December 31, 2013*

For the three months ended December 31, 2014, the net change in unrealized losses were \$74.7 million and comprised of \$125.8 million of gross unrealized losses and \$51.1 million of gross unrealized gains. Significant change in unrealized gains (losses) for the three months ended December 31, 2014 are summarized below:

<i>(in millions)</i>	<b>Net Change in Unrealized Gain/(Loss)</b>
Generation Brands Holdings, Inc. (Quality Homes)	\$ 10.9
Playpower Holdings, Inc.	7.0
inVentiv Health, Inc.	5.7
Venoco, Inc. (Denver Parent)	(24.6)
Magnetation, LLC	(12.4)
PetroBakken Energy Ltd.	(10.7)
Molycorp, Inc.	(6.8)
First Data Corp.	(6.2)
Delta Educational Systems, Inc. (Gryphon Colleges Corp.)	(6.1)
Ranpak Corp.	(5.2)
Other (net)	(26.3)
 Total, net	 \$ (74.7)

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For the three months ended December 31, 2013 the net change in unrealized gains were \$52.4 million and comprised of \$88.6 million of gross unrealized gains and \$36.2 million of gross unrealized losses. Significant change in unrealized gains (losses) for the three months ended December 31, 2013 are summarized below:

<i>(in millions)</i>	<b>Net Change in Unrealized Gain/(Loss)</b>
inVentiv Health, Inc.	\$ 14.1
Avaya, Inc.	6.4
First Data Corp.	4.7
IPC Systems, Inc.	4.6
Gryphon Colleges Corp. (Delta Educational Systems, Inc.)	4.5
Garden Fresh Restaurant Corp.	4.1
Magnetation, LLC	3.9
Generation Brands Holdings, Inc.	2.7
PetroBakken Energy Ltd.	2.7
Wind Acquisition Holdings	2.4
BCA Osprey II Limited (British Car Auctions)	2.0
Penton Business Media Holdings, LLC	(10.1)
Other (net)	10.4
 Total, net	 \$ 52.4

*For the nine months ended December 31, 2014 as compared to the nine months ended December 31, 2013*

For the nine months ended December 31, 2014, the net change in unrealized losses were \$85.6 million and comprised of \$214.1 million of gross unrealized losses and \$128.5 million of gross unrealized gains. Significant change in unrealized gains (losses) for the nine months ended December 31, 2014 are summarized below:

<i>(in millions)</i>	<b>Net Change in Unrealized Gain/(Loss)</b>
Generation Brands Holdings, Inc. (Quality Homes)	\$ 23.1
Playpower Holdings, Inc.	20.7
Venoco, Inc. (Denver Parent)	(30.2)
Molycorp, Inc.	(21.7)
LVI Group Investments, LLC	(16.3)
Magnetation LLC	(15.3)
Walter Energy Inc.	(12.6)
PetroBakken Energy Ltd.	(12.4)
First Data Corp.	(11.2)
Other (net)	(9.7)
 Total, net	 \$ (85.6)

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For the nine months ended December 31, 2013, the net change in unrealized gains were \$158.9 million and comprised of \$251.1 million of gross unrealized gains and \$92.2 million of gross unrealized losses. Significant change in unrealized gains (losses) for the nine months ended December 31, 2013 are summarized below:

<i>(in millions)</i>	<b>Net Change in Unrealized Gain/(Loss)</b>
ATI Acquisition Company	\$ 53.9
Cengage Learning Acquisitions Inc.	44.3
Garden Fresh Restaurant Corp.	13.1
Texas Competitive Electric Holdings ( TXU )	12.0
Playpower Holdings, Inc.	9.3
BCA Osprey II Limited (British Car Auctions)	8.9
Generation Brands Holdings, Inc. (Quality Homes)	8.6
Altegrity, Inc.	7.3
Penton Business Media Holdings, LLC	(12.3)
Allied Nevada Gold Corp.	(5.1)
Other (net)	18.9
<b>Total, net</b>	<b>\$ 158.9</b>

**LIQUIDITY AND CAPITAL RESOURCES**

The Company's liquidity and capital resources are generated and generally available through periodic follow-on equity and debt offerings, our Senior Secured Facility, our senior secured notes, our senior unsecured notes, investments in special purpose entities in which we hold and finance particular investments on a non-recourse basis, as well as from cash flows from operations, investment sales of liquid assets and repayments of senior and subordinated loans, and income earned from investments.

**Debt**

At December 31, 2014, the Company had \$669.8 million in borrowings outstanding on its Senior Secured Facility and \$575.0 million of unused capacity. As of December 31, 2014, aggregate lender commitments under the Senior Secured Facility totaled \$1.27 billion. The Senior Secured Facility allows the Company to seek additional commitments in the future up to an aggregate facility size not to exceed \$1.71 billion. See note 9 and note 10 within the Notes to Financial Statements for information on the Company's debt and public offerings.

The Company's debt maturities by period are summarized below.

	<b>Payments due by Period as of December 31, 2014 (in millions)</b>				
	<b>Total</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>More than 5 years</b>
Senior Secured Facility (1)	\$ 670	\$	\$	\$ 670	\$
Senior Secured Notes	\$ 225	\$ 225	\$	\$	\$
Senior Secured Notes (Series A)	\$ 29	\$	\$ 29	\$	\$
Senior Secured Notes (Series B)	\$ 16	\$	\$	\$ 16	\$
2042 Notes	\$ 150	\$	\$	\$	\$ 150
2043 Notes	\$ 150	\$	\$	\$	\$ 150
2024 Notes	\$ 149	\$	\$	\$	\$ 149
Convertible Notes	\$ 200	\$	\$ 200	\$	\$

- (1) At December 31, 2014, there was \$25.2 million of letters of credit issued under the Senior Secured Facility that are not recorded as liabilities on the Company's Statement of Assets and Liabilities, and the Company had \$575.0 million of unused capacity under its Senior

Secured Facility.

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### **PIK Interest and Dividends**

The Company also has investments in its portfolio that contain PIK provisions. PIK investments offer issuers the option at each payment date of making payments in cash or in additional securities. When additional securities are received, they typically have the same terms, including maturity dates and interest rates, as the original securities issued. On these payment dates, the Company capitalizes the accrued interest or dividends receivable (reflecting such amounts as the basis in the additional securities received). PIK generally becomes due at maturity of the investment or upon the investment being called by the issuer. In order to maintain the Company's status as a RIC, this non-cash source of income must be paid out to stockholders annually in the form of dividends, even though the Company has not yet collected the cash. For the three and nine months ended December 31, 2014, PIK income totaled \$8.6 million and \$24.9 million, on total investment income of \$110.0 million and \$331.5 million. See note 5 within the Notes to the Financial Statements included herein for more information on the Company's PIK interest and dividends.

### **Cash Equivalents**

We deem certain U.S. Treasury bills, repurchase agreements and other high-quality, short-term debt securities as cash equivalents. (See note 2 within the Notes to the Financial Statements included herein.) At the end of each fiscal quarter, we consider taking proactive steps utilizing cash equivalents with the objective of enhancing our investment flexibility during the following quarter, pursuant to Section 55 of the 1940 Act. More specifically, we may purchase U.S. Treasury bills from time-to-time on the last business day of the quarter and typically close out that position on the following business day, settling the sale transaction on a net cash basis with the purchase, subsequent to quarter end. Apollo Investment may also utilize repurchase agreements or other balance sheet transactions, including drawing down on our Senior Secured Facility, as we deem appropriate. The amount of these transactions or such drawn cash for this purpose is excluded from total assets for purposes of computing the asset base upon which the management fee is determined. There were no cash equivalents held as of December 31, 2014.

### **Related Party Transactions**

See note 3 within the Notes to the Financial Statements included herein for information on the Company's related party transactions.

### **Commitments and Contingencies**

See note 11 within the Notes to the Financial Statements included herein for information on the Company's commitments and contingencies.

### **Dividends**

Dividends paid to stockholders for the three and nine months ended December 31, 2014 totaled \$47.3 million or \$0.20 per share and \$142.0 million or \$0.60 per share, respectively. Dividends paid to stockholders for the three and nine months ended December 31, 2013 totaled \$44.9 million or \$0.20 per share and \$134.8 million or \$0.60 per share, respectively. Tax characteristics of all dividends will be reported to stockholders on Form 1099 after the end of the calendar year. Our quarterly dividends, if any, will be determined by our Board of Directors.

We have elected to be taxed as a RIC under Subchapter M of the Code. To maintain our RIC status, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for



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distribution. In addition, although we currently intend to distribute realized net capital gains (*i.e.*, net long-term capital gains in excess of net short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment.

We maintain an opt out dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend, then stockholders cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash dividends.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a business development company, we may in the future be limited in our ability to make distributions. Also, our Senior Secured Facility may limit our ability to declare dividends if we default under certain provisions or fail to satisfy certain other conditions. If we do not distribute a certain percentage of our income annually, we may suffer adverse tax consequences, including possible loss of the tax benefits available to us as a regulated investment company. In addition, in accordance with U.S. generally accepted accounting principles and tax regulations, we include in income certain amounts that we have not yet received in cash, such as contractual payment-in-kind interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may not be able to meet the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a regulated investment company.

With respect to the dividends to stockholders, income from origination, structuring, closing, commitment, and other upfront fees associated with investments in portfolio companies is treated as taxable income and accordingly, is generally distributed to stockholders.

**Table of Contents****QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are subject to financial market risks, including changes in interest rates. During the nine months ended December 31, 2014, many of the loans in our portfolio had floating interest rates. These loans are usually based on floating LIBOR and typically have durations of one to six months after which they reset to current market interest rates. The Senior Secured Facility is also based on floating LIBOR rates.

The following table shows the approximate annual impact on net investment income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) to our loan portfolio and outstanding debt as of December 31, 2014, assuming no changes in our investment and borrowing structure:

*(in thousands except per share data)*

<b>Basis Point Change</b>	<b>Net Investment Income</b>	<b>Net Investment Income per Share</b>
Up 400 basis points	\$ 14,493	\$ 0.061
Up 300 basis points	\$ 8,072	\$ 0.034
Up 200 basis points	\$ 2,045	\$ 0.009
Up 100 basis points	\$ (2,701)	\$ (0.011)

We may hedge against interest rate fluctuations from time-to-time by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act and applicable commodities laws. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of lower interest rates with respect to our portfolio of investments.

**Table of Contents****SENIOR SECURITIES**

Information about our senior securities is shown in the following table as of each year ended March 31 since Apollo Investment commenced operations, unless otherwise noted. The        indicates information which the SEC expressly does not require to be disclosed for certain types of senior securities. The report of our independent registered public accounting firm covering the total amount of senior securities outstanding as of March 31, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006 is attached as an exhibit to the registration statement of which this prospectus is a part.

<b>Class and Year</b>	<b>Total Amount Outstanding (1)</b>	<b>Asset Coverage Per Unit (2)</b>	<b>Involuntary Liquidating Preference Per Unit (3)</b>	<b>Estimated Market Value</b>
<b>Senior Secured Facility</b>				
Fiscal 2015 (through December 31, 2014)	\$ 669,777	\$ 951		\$ 665,599(4)
Fiscal 2014	602,261	1,095		602,983(4)
Fiscal 2013	536,067	1,137		551,097
Fiscal 2012	539,337	1,427		N/A
Fiscal 2011	628,443	1,707		N/A
Fiscal 2010	1,060,616	2,671		N/A
Fiscal 2009	1,057,601	2,320		N/A
Fiscal 2008	1,639,122	2,158		N/A
Fiscal 2007	492,312	4,757		N/A
Fiscal 2006	323,852	4,798		N/A
Fiscal 2005				N/A
<b>Senior Secured Notes</b>				
Fiscal 2015 (through December 31, 2014)	\$ 270,000	\$ 384		\$ 274,777(4)
Fiscal 2014	270,000	491		280,067(4)
Fiscal 2013	270,000	572		282,173
Fiscal 2012	270,000	714		N/A
Fiscal 2011	225,000	611		N/A
Fiscal 2010				N/A
Fiscal 2009				N/A
Fiscal 2008				N/A
Fiscal 2007				N/A
Fiscal 2006				N/A
Fiscal 2005				N/A
<b>2042 Notes</b>				
Fiscal 2015 (through December 31, 2014)	\$ 150,000	\$ 213		\$ 151,140(5)
Fiscal 2014	150,000	273		145,680(5)
Fiscal 2013	150,000	318		148,920
Fiscal 2012				N/A
Fiscal 2011				N/A
Fiscal 2010				N/A
Fiscal 2009				N/A
Fiscal 2008				N/A
Fiscal 2007				N/A
Fiscal 2006				N/A
Fiscal 2005				N/A

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<b>Class and Year</b>	<b>Total Amount Outstanding (1)</b>	<b>Asset Coverage Per Unit (2)</b>	<b>Involuntary Liquidating Preference Per Unit (3)</b>	<b>Estimated Market Value</b>
<b>2043 Notes</b>				
Fiscal 2015 (through December 31, 2014)	\$ 150,000	\$ 213		\$ 150,240(5)
Fiscal 2014	150,000	273		142,500(5)(6)
Fiscal 2013				N/A
Fiscal 2012				N/A
Fiscal 2011				N/A
Fiscal 2010				N/A
Fiscal 2009				N/A
Fiscal 2008				N/A
Fiscal 2007				N/A
Fiscal 2006				N/A
Fiscal 2005				N/A
<b>2024 Notes</b>				
Fiscal 2015 (through December 31, 2014)	\$ 148,876	\$ 213		\$ 151,470(4)
Fiscal 2014				N/A
Fiscal 2013				N/A
Fiscal 2012				N/A
Fiscal 2011				N/A
Fiscal 2010				N/A
Fiscal 2009				N/A
Fiscal 2008				N/A
Fiscal 2007				N/A
Fiscal 2006				N/A
Fiscal 2005				N/A
<b>Convertible Notes</b>				
Fiscal 2015 (through December 31, 2014)	\$ 200,000	\$ 284		\$ 207,910(5)
Fiscal 2014	200,000	364		212,734(5)
Fiscal 2013	200,000	424		212,000
Fiscal 2012	200,000	529		N/A
Fiscal 2011	200,000	544		N/A
Fiscal 2010				N/A
Fiscal 2009				N/A
Fiscal 2008				N/A
Fiscal 2007				N/A
Fiscal 2006				N/A
Fiscal 2005				N/A
<b>Total Debt Securities</b>				
Fiscal 2015 (through December 31, 2014)	\$ 1,588,653	\$ 2,258	\$	\$ 1,601,136
Fiscal 2014	1,372,261	2,496		1,383,964
Fiscal 2013	1,156,067	2,451		1,194,190
Fiscal 2012	1,009,337	2,670		N/A
Fiscal 2011	1,053,443	2,862		N/A
Fiscal 2010	1,060,616	2,671		N/A
Fiscal 2009	1,057,601	2,320		N/A
Fiscal 2008	1,639,122	2,158		N/A
Fiscal 2007	492,312	4,757		N/A
Fiscal 2006	323,852	4,798		N/A
Fiscal 2005				N/A

N/A - Not applicable



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- (1) Total amount of each class of senior securities outstanding at the end of the period presented.
- (2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by one thousand to determine the Asset Coverage Per Unit. In order to determine the specific Asset Coverage Per Unit for each class of debt, the total Asset Coverage Per Unit was divided based on the amount outstanding at the end of the period for each.
- (3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it.
- (4) The fair value of these debt obligations are categorized as Level 3 under ASC 820 as of December 31, 2014 and March 31, 2014. The valuation is based on a yield analysis and discount rate commensurate with the market yields for similar types of debt.
- (5) The fair value of these debt obligations are categorized as Level 1 under ASC 820 as of December 31, 2014 and March 31, 2014. The valuation is based on quoted prices of identical liabilities in active markets.
- (6) The amount was updated to \$142,500 from \$128,250 to reflect the correct fair value.

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**Table of Contents****RATIO OF EARNINGS TO FIXED CHARGES**

For the nine months ended December 31, 2014 and the years ended March 31, 2014, 2013, 2012, 2011 and 2010, the ratios of earnings to fixed charges of the Company, computed as set forth below, were as follows:

	<b>For the Nine Months Ended December 31, 2014</b>	<b>For the Year Ended March 31, 2014</b>	<b>For the Year Ended March 31, 2013</b>	<b>For the Year Ended March 31, 2012</b>	<b>For the Year Ended March 31, 2011</b>	<b>For the Year Ended March 31, 2010</b>
Earnings to Fixed Charges (1)	2.50	4.95	2.80	(2)	4.76	11.81

For purposes of computing the ratios of earnings to fixed charges, earnings represent net increase in net assets resulting from operations plus (or minus) income tax expense including excise tax expense plus fixed charges. Fixed charges include interest and senior secured facility fees expense and amortization of debt issuance costs.

(1) Earnings include the net change in unrealized appreciation or depreciation. Net change in unrealized appreciation or depreciation can vary substantially from year to year. Excluding the net change in unrealized appreciation or depreciation, the earnings to fixed charges ratio would be 2.38 for the year ended March 31, 2014, 2.59 for the year ended March 31, 2013, 1.82 for the year ended March 31, 2011 and 3.52 for the year ended March 31, 2010. Excluding the net change in unrealized appreciation or depreciation, the ratio coverage for the years ended March 31, 2012 and March 31, 2010, was less than one-to-one. The Company would have needed to generate additional earnings of \$168,701 and \$272,399 (in thousands) to achieve a coverage of one-to-one in 2012 and 2010, respectively. Excluding the net change in unrealized appreciation or depreciation in the calculation of earnings to fixed charges ratio is a non-GAAP measure.

(2) Due to the Company's loss for the year ended March 31, 2012, the ratio coverage was less than one-to-one. The Company would have needed to generate additional earnings of \$86,264 (in thousands) to achieve a coverage of one-to-one for the year ended March 31, 2012.

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**DESCRIPTION OF NOTES**

The following description of the particular terms of the 5.250% Notes due 2025 supplements and, to the extent inconsistent with, replaces the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus.

We will issue the Notes under a base indenture, dated as of October 9, 2012, between us and U.S. Bank National Association, as trustee (the trustee), as supplemented by a separate supplemental indenture, to be dated as of the settlement date for the Notes. As used in this section, all references to the indenture mean the base indenture as supplemented by the supplemental indenture. The terms of the Notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Notes and the indenture and does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the Notes and the indenture, including the definitions of certain terms used in the indenture. We urge you to read these documents because they, and not this description, define your rights as a holder of the Notes.

For purposes of this description, references to we, our and us refer only to Apollo Investment Corporation and not to any of its current or future subsidiaries and references to subsidiaries refer only to our consolidated subsidiaries and exclude any investments held by Apollo Investment Corporation in the ordinary course of business which are not, under United States generally accepted accounting principles (GAAP), consolidated on the financial statements of Apollo Investment Corporation and its subsidiaries.

**General**

The Notes:

will be our general unsecured obligations;

will initially be issued in an aggregate principal amount of \$350,000,000;

will mature on March 3, 2025, unless earlier redeemed or repurchased, as discussed below;

will bear cash interest from March 3, 2015, at an annual rate of 5.250%, payable semi-annually on March 3 and September 3 of each year, beginning on September 3, 2015;

will be subject to redemption at our option as described under Optional Redemption;

will be subject to repurchase by us at the option of the holders following a Change of Control Repurchase Event (as defined below under Offer to Repurchase Upon a Change of Control Repurchase Event), at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the date of repurchase;

will be issued in denominations of \$2,000 and integral multiples of \$1,000 thereof; and

will be represented by one or more registered Notes in global form, but in certain limited circumstances may be represented by Notes in definitive form. See Registration and Settlement.

The indenture does not limit the amount of debt that may be issued by us or our subsidiaries under the indenture or otherwise. The indenture does not contain any financial covenants and does not restrict us from paying dividends or distributions or issuing or repurchasing our other



securities. Other

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than restrictions described under Offer to Repurchase Upon a Change of Control Repurchase Event and Merger, Consolidation or Sale of Assets below, the indenture does not contain any covenants or other provisions designed to afford holders of the Notes protection in the event of a highly leveraged transaction involving us or in the event of a decline in our credit rating as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders.

We may, without the consent of the holders, issue additional Notes under the indenture with the same terms as the Notes offered hereby in an unlimited aggregate principal amount; *provided* that, if such additional Notes are not fungible with the Notes offered hereby (or any other tranche of additional Notes) for U.S. federal income tax purposes, then such additional Notes will have different CUSIP numbers from the Notes offered hereby (and any such other tranche of additional Notes).

We do not intend to list the Notes on any securities exchange or any automated dealer quotation system.

### **Payments on the Notes; Paying Agent and Registrar; Transfer and Exchange**

We will pay the principal of, and interest on, the Notes in global form registered in the name of or held by DTC or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global note.

Payment of principal of (and premium, if any) and any such interest on the Notes will be made at the corporate trust office of the trustee in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that at our option payment of interest may be made by check mailed to the address of the person entitled thereto as such address shall appear in the security register.

A holder of the Notes may transfer or exchange Notes at the office of the security registrar in accordance with the indenture. The security registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by us, the trustee or the security registrar for any registration of transfer or exchange of Notes, but we may require a holder to pay a sum sufficient to cover any transfer tax or other similar governmental charge required by law or permitted by the indenture.

The registered holder of a Note will be treated as its owner for all purposes.

### **Interest**

The Notes will bear cash interest at a rate of 5.250% per year until maturity. Interest on the Notes will accrue from March 3, 2015 or from the most recent date on which interest has been paid or duly provided for. Interest will be payable semi-annually in arrears on March 3 and September 3 of each year, beginning on September 3, 2015.

Interest will be paid to the person in whose name a Note is registered at the close of business on February 16 or August 16, as the case may be, immediately preceding the relevant interest payment date. Interest on the Notes will be computed on the basis of a 360-day year composed of twelve 30-day months.

If any interest payment date, the maturity date or any earlier required repurchase date upon a Change of Control Repurchase Event (defined below) of a Note falls on a day that is not a business day, the required payment will be made on the next succeeding business day and no interest on such payment will accrue in respect of the delay. The term *business day* means, with respect to any Note, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are authorized or obligated by law or executive order to close.

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### **Ranking**

The Notes will be our general, unsecured obligations and will rank:

*pari passu* with all of our existing and future senior, unsecured indebtedness (including, but not limited to, our \$200 million aggregate principal amount of 5.75% Convertible Senior Notes due 2016, or the Convertible Notes, our \$150 million aggregate principal amount of 5.25% Notes due 2024, or the 2024 Notes, our \$150 million aggregate principal amount of 6.625% Senior Notes due 2042, or the 2042 Notes, and our \$150 million aggregate principal amount of 6.875% Senior Notes due 2043, or the 2043 Notes );

senior in right of payment to any of our subordinated indebtedness; and

effectively subordinated to our existing and future secured indebtedness (including, but not limited to, as of December 31, 2014, approximately \$670 million aggregate principal amount of our indebtedness under our \$1.71 billion senior secured, multi-currency, revolving credit facility, or the Senior Secured Facility, our \$225 million aggregate principal amount of 6.25% Senior Secured Notes due 2015, or the 2015 Notes, our \$29 million in aggregate principal amount of 5.875% Senior Secured Notes due 2016, or the 2016 Notes, and our \$16 million in aggregate principal amount of 6.25% Senior Secured Notes due 2018, or the 2018 Notes, and collectively with our 2015 Notes and 2016 Notes, the Senior Secured Notes ) to the extent of the value of the assets securing such indebtedness and structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiaries.

As of December 31, 2014, we and our subsidiaries had approximately \$1,589 million of senior indebtedness outstanding, \$939.8 million of which was secured indebtedness and \$648.9 million of which was unsecured indebtedness.

### **Optional Redemption**

We may redeem some or all of the Notes at any time, or from time to time. If we choose to redeem any Notes prior to maturity, we will pay a redemption price equal to the greater of the following amounts, plus, in each case, accrued and unpaid interest to, but excluding, the redemption date:

100% of the principal amount of the Notes to be redeemed, or

the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of accrued and unpaid interest to the date of redemption) on the Notes to be redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) using the applicable Treasury Rate (as defined below) plus 50 basis points.

If we choose to redeem any Notes, we will deliver a notice of redemption to holders of the Notes not less than 30 nor more than 60 days before the redemption date. If we are redeeming less than all of the Notes, the particular Notes to be redeemed will be selected in accordance with the applicable procedures of the trustee and, so long as the Notes are registered to DTC or its nominee, DTC; *provided, however*, that no such partial redemption shall reduce the portion of the principal amount of a Note not redeemed to less than \$2,000. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Notes or portions of the Notes called for redemption.

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For purposes of calculating the redemption price in connection with the redemption of the Notes, on any redemption date, the following terms have the meanings set forth below:

**Treasury Rate** means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield-to-maturity of the Comparable Treasury Issue (computed as of the third business day immediately preceding the date of redemption), assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The redemption price and the Treasury Rate will be determined by us.

**Comparable Treasury Issue** means the United States Treasury security selected by the Reference Treasury Dealer as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financing practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes being redeemed.

**Comparable Treasury Price** means (1) the average of the remaining Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Quotation Agent obtains fewer than four such reference treasury dealer quotations, the average of all such quotations.

**Quotation Agent** means a Reference Treasury Dealer selected by us.

**Reference Treasury Dealer** means each of (1) Barclays Capital Inc. and (2) Citigroup Global Markets Inc., or their respective affiliates which are primary U.S. government securities dealers and their respective successors; *provided, however*, that if any of the foregoing or their affiliates shall cease to be a primary U.S. government securities dealer in the United States (a **Primary Treasury Dealer**), we shall select another Primary Treasury Dealer.

**Reference Treasury Dealer Quotations** means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 3:30 p.m. New York City time on the third business day preceding such redemption date.

All determinations made by any Reference Treasury Dealer, including the Quotation Agent, with respect to determining the redemption price will be final and binding absent manifest error.

### **Offer to Repurchase Upon a Change of Control Repurchase Event**

If a Change of Control Repurchase Event occurs, unless we have exercised our right to redeem the Notes in full, we will make an offer to each holder of Notes to repurchase all or any part (in minimum denominations of \$2,000 and integral multiples of \$1,000 principal amount) of that holder's Notes at a repurchase price in cash equal to 100% of the aggregate principal amount of Notes repurchased plus any accrued and unpaid interest on the Notes repurchased to, but not including, the date of purchase. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control, but after the public announcement of the Change of Control, we will mail a notice to each holder describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice. We will comply with the requirements

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of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the Notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the Notes by virtue of such conflict.

On the Change of Control Repurchase Event payment date, subject to extension if necessary to comply with the provisions of the 1940 Act and the rules and regulations promulgated thereunder, we will, to the extent lawful:

- (1) accept for payment all Notes or portions of Notes properly tendered pursuant to our offer;
- (2) deposit with the paying agent an amount equal to the aggregate purchase price in respect of all Notes or portions of Notes properly tendered; and
- (3) deliver or cause to be delivered to the trustee the Notes properly accepted, together with an officers certificate stating the aggregate principal amount of Notes being purchased by us.

The paying agent will promptly remit to each holder of Notes properly tendered the purchase price for the Notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of any Notes surrendered; *provided* that each new Note will be in a minimum principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof.

We will not be required to make an offer to repurchase the Notes upon a Change of Control Repurchase Event if a third party makes an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all Notes properly tendered and not withdrawn under its offer.

The source of funds that will be required to repurchase Notes in the event of a Change of Control Repurchase Event will be our available cash or cash generated from our operations or other potential sources, including funds provided by a purchaser in the Change of Control transaction, borrowings, sales of assets or sales of equity. We cannot assure you that sufficient funds from such sources will be available at the time of any Change of Control Repurchase Event to make required repurchases of Notes tendered. The terms of our Senior Secured Facility provide that certain change of control events will constitute an event of default thereunder entitling the lenders to accelerate any indebtedness outstanding under the Senior Secured Facility at that time and to terminate the Senior Secured Facility. See Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in the accompanying prospectus for a general discussion of our indebtedness. In addition, the indentures governing our Senior Secured Notes contain similar provisions that would require us to offer to purchase the Senior Secured Notes upon the occurrence of a change of control. Our and our subsidiaries future debt instruments may contain similar restrictions and provisions. If the holders of the Notes exercise their right to require us to repurchase Notes upon a Change of Control Repurchase Event, the financial effect of this repurchase could cause a default under our and our subsidiaries future debt instruments, even if the Change of Control Repurchase Event itself would not cause a default. It is possible that we will not have sufficient funds at the time of the Change of Control Repurchase Event to make the required repurchase of the Notes and/or our other debt. See Risk Factors We may not be able to repurchase the Notes upon a Change of Control Repurchase Event in this prospectus supplement.

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The definition of **Change of Control** includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of all or substantially all of our properties or assets and those of our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase **substantially all**, there is no precise, established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require us to repurchase the Notes as a result of a sale, transfer, conveyance or other disposition of less than all of our assets and the assets of our subsidiaries taken as a whole to another person or group may be uncertain.

For purposes of the Notes:

**Below Investment Grade Rating Event** means the Notes are downgraded below Investment Grade by both Rating Agencies on any date from the date of the public notice of an arrangement that results in a Change of Control until the end of the 60-day period following public notice of the occurrence of a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by either of the Rating Agencies); *provided* that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Repurchase Event hereunder) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event).

**Change of Control** means the occurrence of any of the following:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of the assets of Apollo Investment Corporation and its Controlled Subsidiaries taken as a whole to any person or group (as those terms are used in Section 13(d)(3) of the Exchange Act), other than to any Permitted Holders; *provided* that, for the avoidance of doubt, a pledge of assets pursuant to any secured debt instrument of Apollo Investment Corporation or its Controlled Subsidiaries shall not be deemed to be any such sale, lease, transfer, conveyance or disposition;
- (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person or group (as those terms are used in Section 13(d)(3) of the Exchange Act) (other than any Permitted Holders) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of Apollo Investment Corporation, measured by voting power rather than number of shares; or
- (3) the approval by Apollo Investment Corporation's stockholders of any plan or proposal relating to the liquidation or dissolution of Apollo Investment Corporation.

**Change of Control Repurchase Event** means the occurrence of a Change of Control and a Below Investment Grade Rating Event.

**Controlled Subsidiary** means any subsidiary of Apollo Investment Corporation, 50% or more of the outstanding equity interests of which are owned by Apollo Investment Corporation and its direct

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or indirect subsidiaries and of which Apollo Investment Corporation possesses, directly or indirectly, the power to direct or cause the direction of the management or policies, whether through the ownership of voting equity interests, by agreement or otherwise.

**Fitch** means Fitch, Inc., also known as Fitch Ratings, or any successor thereto.

**Investment Grade** means a rating of BBB- or better by Fitch (or its equivalent under any successor rating categories of Fitch) and BBB- or better by S&P (or its equivalent under any successor rating categories of S&P) (or, in each case, if such Rating Agency ceases to rate the Notes for reasons outside of our control, the equivalent investment grade credit rating from any Rating Agency selected by us as a replacement Rating Agency).

**Permitted Holders** means (i) us, (ii) one or more of our Controlled Subsidiaries and (iii) Apollo Investment Management, L.P. or any affiliate of Apollo Investment Management, L.P. that is organized under the laws of a jurisdiction located in the United States of America and in the business of managing or advising clients.

**Rating Agency** means:

(1) each of Fitch and S&P; and

(2) if either of Fitch or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization as defined in Section (3)(a)(62) of the Exchange Act selected by us as a replacement agency for Fitch or S&P, or both, as the case may be.

**S&P** means Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc., or any successor thereto.

**Voting Stock** as applied to stock of any person, means shares, interests, participations or other equivalents in the equity interest (however designated) in such person having ordinary voting power for the election of a majority of the directors (or the equivalent) of such person, other than shares, interests, participations or other equivalents having such power only by reason of the occurrence of a contingency.

## **Covenants**

In addition to the covenants described in the base indenture, unless otherwise noted, the following covenants shall apply to the Notes. To the extent of any conflict or inconsistency between the base indenture and the following covenants, the following covenants shall govern:

### ***Merger, Consolidation or Sale of Assets***

Under the terms of the indenture, we are generally permitted to consolidate or merge with another entity. We are also permitted to sell all or substantially all of our assets to another entity. However, we may not take any of these actions unless all the following conditions are met:

where we merge out of existence or sell our assets, the resulting entity must agree to be legally responsible for our obligations under the Notes;

the merger or sale of assets must not cause a default on the Notes and we must not already be in default (unless the merger or sale would cure the default). For purposes of

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this no-default test, a default would include an Event of Default that has occurred and has not been cured, as described under Events of Default below. A default for this purpose would also include any event that would be an Event of Default if the requirements for giving us a notice of default or our default having to exist for a specific period of time were disregarded;

under the indenture, no merger or sale of assets may be made if as a result any of our property or assets or any property or assets of one of our subsidiaries, if any, would become subject to any mortgage, lien or other encumbrance unless either (i) the mortgage, lien or other encumbrance could be created pursuant to the limitation on liens covenant in the base indenture (see Limitation on Liens below) without equally and ratably securing the indenture securities subject to the lien covenant or (ii) the indenture securities subject to the lien covenant are secured equally and ratably with or prior to the Notes by the mortgage, lien or other encumbrance; and

we must deliver certain certificates and documents to the trustee.

Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve all or substantially all of the properties or assets of a person. As a result, it may be unclear as to whether the merger, consolidation or sale of assets covenant would apply to a particular transaction as described above absent a decision by a court of competent jurisdiction. Although these types of transactions are permitted under the indenture, certain of the foregoing transactions could constitute a Change of Control that results in a Change of Control Repurchase Event permitting each holder to require us to repurchase the Notes of such holder as described above.

An assumption by any person of obligations under the Notes and the indenture might be deemed for U.S. federal income tax purposes to be an exchange of the Notes for new Notes by the holders thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the holders. Holders should consult their own tax advisors regarding the tax consequences of such an assumption.

### ***Limitation on Liens***

We covenant in the base indenture that neither we nor any of our subsidiaries, if any, will pledge or subject to any lien any of our or their property or assets unless the indenture securities are secured by this pledge or lien equally and ratably with other indebtedness thereby secured. This covenant excludes liens created to secure obligations for the purchase price of physical property, liens of a subsidiary securing indebtedness owed to us, liens existing on property acquired upon exercise of rights arising out of defaults on receivables acquired in the ordinary course of business, sales of receivables accounted for as secured indebtedness in accordance with GAAP, certain liens not related to the borrowing of money and other liens not securing borrowed money aggregating less than \$500,000. Under the terms of the fourth supplemental indenture, this limitation on liens covenant contained in the base indenture will not apply to the Notes.

### ***Other Covenants***

We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions.

If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the SEC, we agree to furnish to holders



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of the Notes and the trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with GAAP, as applicable.

**Events of Default**

Each of the following is an event of default:

- (1) default in the payment of any interest upon any Note when due and payable and the default continues for a period of 30 days;
- (2) default in the payment of the principal of (or premium, if any, on) any Note when it becomes due and payable at its maturity including upon any redemption date or required repurchase date;
- (3) our failure for 60 consecutive days after written notice from the trustee or the holders of at least 25% in principal amount of the Notes then outstanding has been received to comply with any of our other agreements contained in the Notes or indenture;
- (4) default by us or any of our significant subsidiaries, as defined in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act (but excluding any subsidiary which is (a) a non-recourse or limited recourse subsidiary, (b) a bankruptcy remote special purpose vehicle or (c) is not consolidated with Apollo Investment Corporation for purposes of GAAP), with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of \$50 million in the aggregate of us and/or any such subsidiary, whether such indebtedness now exists or shall hereafter be created (i) resulting in such indebtedness becoming or being declared due and payable or (ii) constituting a failure to pay the principal or interest of any such debt when due and payable at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise, unless, in either case, such indebtedness is discharged, or such acceleration is rescinded, stayed or annulled, within a period of 30 calendar days after written notice of such failure is given to us by the trustee or to us and the trustee by the holders of at least 25% in aggregate principal amount of the Notes then outstanding;
- (5) pursuant to Section 18(a)(1)(c)(ii) and Section 61 of the Investment Company Act, on the last business day of each of 24 consecutive calendar months, any class of securities shall have an asset coverage (as such term is used in the Investment Company Act) of less than 100%; or
- (6) certain events of bankruptcy, insolvency, or reorganization involving us occur and remain undischarged or unstayed for a period of 60 days.

If an event of default occurs and is continuing, then and in every such case (other than an event of default specified in item (6) above) the trustee or the holders of at least 25% in principal amount of the outstanding Notes may declare the entire principal amount of Notes to be due and immediately payable, by a notice in writing to us (and to the trustee if given by the holders), and upon any such declaration such principal or specified portion thereof shall become immediately due and payable. Notwithstanding the foregoing, in the case of the events of bankruptcy, insolvency or reorganization described in item (6) above, 100% of the principal of and accrued and unpaid interest on the Notes will automatically become due and payable.

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At any time after a declaration of acceleration with respect to the Notes has been made and before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of a majority in principal amount of the outstanding Notes, by written notice to us and the trustee, may rescind and annul such declaration and its consequences if: (i) we have paid or deposited with the trustee a sum sufficient to pay (A) all overdue installments of interest, if any, on all outstanding Notes, (B) the principal of (and premium, if any, on) all outstanding Notes that have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates borne by or provided for in such Notes, (C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates borne by or provided for in such Notes, and (D) all sums paid or advanced by the trustee and the reasonably agreed upon compensation, expenses, disbursements and advances of the trustee, its agents and counsel, and (ii) all events of default with respect to the Notes, other than the nonpayment of the principal of (or premium, if any, on) or interest on such Notes that have become due solely by such declaration of acceleration, have been cured or waived. No such rescission will affect any subsequent default or impair any right consequent thereon.

No holder of Notes will have any right to institute any proceeding, judicial or otherwise, with respect to the indenture, or for the appointment of a receiver or trustee, or for any other remedy under the indenture, unless:

- (i) such holder has previously given written notice to the trustee of a continuing event of default with respect to the Notes;
- (ii) the holders of not less than 25% in principal amount of the outstanding Notes shall have made written request to the trustee to institute proceedings in respect of such event of default;
- (iii) such holder or holders have offered to the trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;
- (iv) the trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (v) no direction inconsistent with such written request has been given to the trustee during such 60-day period by the holders of a majority in principal amount of the outstanding Notes.

Notwithstanding any other provision in the indenture, the holder of any Note shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any, on) and interest, if any, on such Note on the stated maturity or maturity expressed in such Note (or, in the case of redemption, on the redemption date or, in the case of repayment at the option of the holders, on the repayment date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such holder.

The trustee shall be under no obligation to exercise any of the rights or powers vested in it by the indenture at the request or direction of any of the holders of the Notes unless such holders shall have offered to the trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. Subject to the foregoing, the holders of a majority in principal amount of the outstanding Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the Notes, *provided* that (i) such direction shall not be in conflict with any rule of law or with this indenture, (ii) the trustee may take any other action deemed proper by the trustee that is not inconsistent with such direction and (iii) the trustee need not take any action that it determines in good faith may involve it in personal liability or be unjustly prejudicial to the holders of Notes not consenting.

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The holders of not less than a majority in principal amount of the outstanding Notes may on behalf of the holders of all of the Notes waive any past default under the indenture with respect to the Notes and its consequences, except a default (i) in the payment of (or premium, if any, on) or interest, if any, on any Note, or (ii) in respect of a covenant or provision of the indenture which cannot be modified or amended without the consent of the holder of each outstanding Note affected. Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose, but no such waiver shall extend to any subsequent or other default or event of default or impair any right consequent thereto.

We are required to deliver to the trustee, within 120 days after the end of each fiscal year, an officers' certificate stating to the knowledge of the signers whether we are in default in the performance of any of the terms, provisions or conditions of the indenture.

Within 90 days after the occurrence of any default under the indenture with respect to the Notes, the trustee shall transmit notice of such default known to the trustee, unless such default shall have been cured or waived; *provided, however*, that, except in the case of a default in the payment of the principal of (or premium, if any, on) or interest, if any, on any Note, the trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors of the trustee in good faith determines that withholding of such notice is in the interest of the holders of the Notes.

### **Satisfaction and Discharge; Defeasance**

We may satisfy and discharge our obligations under the indenture by delivering to the security registrar for cancellation all outstanding Notes or by depositing with the trustee or delivering to the holders, as applicable, after the Notes have become due and payable, or otherwise, moneys sufficient to pay all of the outstanding Notes and paying all other sums payable under the indenture by us. Such discharge is subject to terms contained in the indenture.

In addition, the Notes are subject to defeasance and covenant defeasance, in each case, in accordance with the terms of the indenture.

### **Trustee**

U.S. Bank National Association is the trustee, security registrar and paying agent. U.S. Bank National Association, in each of its capacities, including without limitation as trustee, security registrar and paying agent, assumes no responsibility for the accuracy or completeness of the information concerning us or our affiliates or any other party contained in this document or the related documents or for any failure by us or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information, or for any information provided to it by us, including but not limited to settlement amounts and any other information.

We may maintain banking relationships in the ordinary course of business with the trustee and its affiliates.

### **Governing Law**

The indenture provides that it and the Notes shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

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**SUPPLEMENT TO CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following summary of certain U.S. federal income tax considerations supplements the discussion set forth under the heading "Certain U.S. Federal Income Tax Considerations" in the accompanying prospectus and is subject to the qualifications and assumptions set forth therein.

The following is a general summary of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes. This discussion is based upon the Code, Treasury Regulations and judicial decisions and administrative interpretations thereof, all as of the date hereof and all of which are subject to change or differing interpretations, possibly with retroactive effect. No ruling from the Internal Revenue Service (the "IRS") has been sought regarding any matter discussed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below.

This discussion applies only to a holder of Notes that acquires the Notes for cash pursuant to this offering at the initial offering price and who holds the Notes as a capital asset (generally, property held for investment) under the Code. This discussion does not address any U.S. federal estate or gift tax consequences or any state, local or non-U.S. tax consequences. In addition, this discussion does not address all aspects of U.S. federal income taxation that may be applicable to investors in light of their particular circumstances, or to investors subject to special treatment under U.S. federal income tax law, including, but not limited to:

banks, insurance companies or other financial institutions;

persons subject to the alternative minimum tax;

cooperatives;

tax-exempt organizations;

dealers in securities;

traders in securities that elect a mark-to-market method of accounting;

U.S. Noteholders (as defined below) whose functional currency is not the U.S. dollar;

U.S. expatriates;

foreign persons or entities (except to the extent set forth below);

persons deemed to sell the Notes under the constructive sale provisions of the Code; or

persons that hold the Notes as part of a straddle, hedge, conversion transaction or other integrated investment.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) owns Notes, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partners in a partnership that owns Notes should consult their tax advisors as to the particular U.S. federal income tax consequences applicable to them.

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We encourage investors to consult their tax advisors regarding the specific consequences of an investment in our Notes, including tax reporting requirements, the applicability of U.S. federal, state, local and non-U.S. tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

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### **Consequences to U.S. Noteholders**

The following is a general summary of certain U.S. federal income tax consequences that will apply to you if you are a U.S. Noteholder. Certain U.S. federal income tax consequences to non-U.S. Noteholders are described under *Consequences to Non-U.S. Noteholders* below. For purposes of this summary, the term *U.S. Noteholder* means a beneficial owner of a Note that is, for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the U.S., (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, that is created or organized under the laws of the U.S., any of the States or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust (A) if a court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of such trust, or (B) that has made a valid election to be treated as a U.S. person for U.S. federal income tax purposes.

#### ***Stated interest on the Notes***

A U.S. Noteholder generally will be required to recognize stated interest as ordinary income at the time it is paid or accrued on the Notes in accordance with its regular method of accounting for U.S. federal income tax purposes. The Notes are not being issued with original issue discount for U.S. federal income tax purposes.

#### ***Sale, exchange, redemption or other taxable disposition of the Notes***

Upon the sale, exchange, redemption or other taxable disposition of a Note, a U.S. Noteholder generally will recognize capital gain or loss in an amount equal to the difference between (1) the sum of cash plus the fair market value of all other property received on such disposition (except to the extent such cash or property is attributable to accrued but unpaid interest, which, to the extent not previously included in income, generally will be taxable as ordinary income) and (2) its adjusted tax basis in the Note. A U.S. Noteholder's adjusted tax basis in a Note generally will equal the price the U.S. Noteholder paid for the Note. Such capital gain or loss will be long-term capital gain or loss if, at the time of such taxable disposition, the U.S. Noteholder has held the Note for more than one year. The deductibility of capital losses is subject to limitations.

#### ***Medicare Tax***

Certain U.S. Noteholders who are individuals, estates or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare tax on all or a portion of their net investment income, which includes interest on the Notes and capital gains from the sale or other disposition of the Notes.

### **Consequences to Non-U.S. Noteholders**

The following is a general summary of certain U.S. federal income tax consequences that will apply to you if you are a non-U.S. Noteholder. A beneficial owner of a Note that is not a partnership or other pass through entity for U.S. federal income tax purposes or a U.S. Noteholder is referred to herein as a non-U.S. Noteholder.

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***Stated interest on the Notes***

Stated interest paid or accrued to a non-U.S. Noteholder will generally not be subject to U.S. federal income or withholding tax if the interest is not effectively connected with its conduct of a trade or business within the U.S., and the non-U.S. Noteholder:

does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote;

is not a controlled foreign corporation with respect to which we are, directly or indirectly, a related person;

is not a bank whose receipt of interest on the Notes is described in section 881(c)(3)(A) of the Code; and

provides its name and address, and certifies, under penalties of perjury, that it is not a U.S. person (on a properly executed IRS Form W-8BEN or W-8BEN-E or other applicable form), or holds its Notes through certain foreign intermediaries and satisfies the certification requirements of applicable Treasury Regulations.

If a non-U.S. Noteholder does not qualify for an exemption under these rules, interest income from the Notes may be subject to withholding tax at the rate of 30% (or lower applicable treaty rate). Stated interest that is effectively connected with a non-U.S. Noteholder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment), however, would not be subject to a 30% withholding tax so long as the non-U.S. Noteholder provides the applicable withholding agent an adequate certification (currently on IRS Form W-8ECI); such payments of interest generally would be subject to U.S. federal income tax on a net basis at the rates applicable to U.S. persons generally. In addition, if a non-U.S. Noteholder is a foreign corporation and the stated interest is effectively connected with its conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment), it may also be subject to a 30% (or lower applicable treaty rate) branch profits tax on its effectively connected earnings and profits for the taxable year, subject to adjustments. To claim the benefit of a tax treaty, a non-U.S. Noteholder must provide a properly executed IRS Form W-8BEN or W-8BEN-E (or other applicable form) to the applicable withholding agent before the payment of stated interest and may be required to obtain a U.S. taxpayer identification number and provide documentary evidence issued by foreign governmental authorities to prove residence in the foreign country.

***Sale, exchange, redemption or other taxable disposition of the Notes***

Any gain recognized by a non-U.S. Noteholder on the sale, exchange, redemption or other taxable disposition of the Notes (except with respect to accrued and unpaid interest, which would be taxed as described under "Consequences to Non-U.S. Noteholders - Stated interest on the Notes above) generally will not be subject to U.S. federal income tax unless:

the non-U.S. Noteholder's gain is effectively connected with its conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment); or

the non-U.S. Noteholder is a nonresident alien individual present in the U.S. for 183 or more days in the taxable year within which the sale, exchange, redemption or other disposition takes place and certain other requirements are met.

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If a non-U.S. Noteholder is a holder described in the first bullet point above, the net gain derived from the sale, exchange, redemption or other taxable disposition of its Notes generally will be subject to U.S. federal income tax on a net basis at the rates applicable to U.S. persons generally. In addition, if such non-U.S. Noteholder is a foreign corporation, it may also be subject to a 30% (or lower applicable treaty rate) branch profits tax on its effectively connected earnings and profits for the taxable year, subject to adjustments. If a non-U.S. Noteholder is a holder described in the second bullet point above, it will be subject to a flat 30% U.S. federal income tax on the gain derived from the sale, exchange, redemption or other taxable disposition of its Notes, which may be offset by U.S. source capital losses, even though it is not considered a resident of the United States.

Non-U.S. Noteholders should consult any applicable income tax treaties that may provide for different rules. In addition, non-U.S. Noteholders are urged to consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes.

### ***Foreign Account Tax Compliance Act***

Withholding at a rate of 30% will be generally required on interest paid in respect of, and after December 31, 2016, on gross proceeds from the sale of, Notes held by or through certain foreign financial institutions (including investment funds), unless such institution enters into an agreement with the Secretary of the Treasury to report, on an annual basis, certain information with respect to shares in, and accounts maintained by, the institution to the extent such shares or accounts are held by certain United States persons or by certain non-U.S. entities that are wholly or partially owned by United States persons, and to withhold on certain payments. Accordingly, the entity through which Notes are held will affect the determination of whether such withholding is required. Similarly, interest paid in respect of, and after December 31, 2016, gross proceeds from the sale of, Notes held by an investor that is a non-financial non-U.S. entity will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to the applicable withholding agent that such entity does not have any substantial United States owners or (ii) provides certain information regarding the entity's substantial United States owners, which the applicable withholding agent will in turn provide to the Secretary of the Treasury. An intergovernmental agreement between the United States and an applicable foreign country, or future Treasury regulations or other guidance, may modify these requirements. Non-U.S. Noteholders are encouraged to consult with their tax advisors regarding the possible implications of these requirements on their investment in the Notes.

### **Information Reporting and Backup Withholding**

#### ***U.S. Noteholders***

Payments of principal and interest on, or the proceeds of the sale or other disposition of, a Note are generally subject to information reporting unless the U.S. Noteholder is an exempt recipient (such as a corporation). Such payments may also be subject to U.S. federal backup withholding tax at the applicable rate if the recipient of such payment fails to supply a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise fails to establish an exemption from backup withholding. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against that U.S. Noteholder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

#### ***Non-U.S. Noteholders***

A non-U.S. Noteholder may be required to comply with certain certification procedures to establish that the holder is not a United States person (as defined under the Code) in order to avoid backup withholding tax with respect to our payment of principal and interest on, or the proceeds of the sale or other disposition of, a Note. Any amounts withheld under the backup withholding rules will be



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allowed as a refund or a credit against that non-U.S. Noteholder's U.S. federal income tax liability provided the required information is timely furnished to the IRS. In certain circumstances, the name and address of the beneficial owner and the amount of interest paid on a Note, as well as the amount, if any, of tax withheld, may be reported to the IRS. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. Noteholder resides.

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**REGISTRATION AND SETTLEMENT**

**The Depository Trust Company**

The Notes will be issued in book-entry only form. This means that we will not issue certificates for the Notes, except in the limited case described below. Instead, we will issue the global note in registered form. The global note will be held through DTC and will be registered in the name of Cede & Co., as nominee of DTC.

Accordingly, Cede & Co. will be the holder of record of the Notes. The Notes represented by the global note evidences a beneficial interest in the global note.

Beneficial interest in the global note will be shown on, and transfers are effected through, records maintained by DTC or its participants. In order to own a beneficial interest in the Notes, you must be an institution that has an account with DTC or have a direct or indirect account with such an institution. Transfers of ownership interests in the Notes will be accomplished by making entries in DTC participants' books acting on behalf of beneficial owners.

So long as DTC or its nominee is the registered holder of the global note, DTC or its nominee, as the case may be, will be the sole holder and owner of the Notes represented thereby for all purposes, including payment of principal and interest, under the indenture. Except as otherwise provided below, you will not be entitled to receive physical delivery of certificated notes and will not be considered the holder of the Notes for any purpose under the indenture. Accordingly, you must rely on the procedures of DTC and the procedures of the DTC participant through which you own your Note in order to exercise any rights of a holder of a Note under the indenture. The laws of some jurisdictions require that certain purchasers of notes take physical delivery of such notes in certificated form. Those limits and laws may impair the ability to transfer beneficial interests in the Notes.

The global note representing the Notes will be exchangeable for certificated notes of like tenor and terms and of differing authorized denominations in a like aggregate principal amount, only if (1) DTC notifies us that it is unwilling or unable to continue as depository for the global note or we become aware that DTC has ceased to be a clearing agency registered under the Exchange Act and, in any such case we fail to appoint a successor to DTC within 60 calendar days, (2) we, in our sole discretion, determine that the global note shall be exchangeable for certificated notes or (3) an event of default has occurred and is continuing with respect to the Notes under the indenture. Upon any such exchange, the certificated notes shall be registered in the names of the beneficial owners of the global note representing the Notes.

The following is based on information furnished by DTC:

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered global note will be issued for all of the principal amount of the Notes.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's direct participants deposit with DTC.

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DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC, in turn, is owned by a number of direct participants of DTC and members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, as well as by The New York Stock Exchange, Inc., the American Stock Exchange LLC, and the Financial Industry Regulatory Authority, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The DTC rules applicable to its participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Notes under the DTC system must be made by or through direct participants, which will receive a credit for the Notes on DTC's records. The beneficial interest of each actual purchaser of the Notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of beneficial interests in the Notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their beneficial interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by direct participants with DTC will be registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Notes; DTC's records reflect only the identity of the direct participants to whose accounts such Notes will be credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemption, tenders, defaults, and proposed amendments to the security documents. For example, beneficial owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to beneficial owners. In the alternative, beneficial owners may wish to provide their names and addresses to the registrar of the Notes and request that copies of the notices be provided to them directly. Any such request may or may not be successful.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a direct participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to us as soon as possible after the regular record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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We will pay principal and or interest payments on the Notes in same-day funds directly to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records upon DTC's receipt of funds and corresponding detail information. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of these participants and not of DTC or any other party, subject to any statutory or regulatory requirements that may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is our responsibility, disbursement of such payments to direct participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of the direct or indirect participant.

We will send any redemption notices to DTC. If less than all of the Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

A beneficial owner, or its authorized representative, shall give notice to elect to have its Notes repaid by us, through its direct or indirect participant, to the trustee, and shall effect delivery of such Notes by causing the direct participant to transfer that participant's interest in the global note representing the Notes, on DTC's records, to the trustee. The requirement for physical delivery of the Notes in connection with a demand for repayment will be deemed satisfied when the ownership rights in the global note representing the Notes are transferred by the direct participants on DTC's records.

DTC may discontinue providing its services as securities depository for the Notes at any time by giving us reasonable notice. Under such circumstances, if a successor securities depository is not obtained, we will print and deliver certificated notes. We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, we will print and deliver certificated notes.

The information in this section concerning DTC and DTC's system has been obtained from sources that we believe to be reliable, but neither we, the underwriters nor any agent takes any responsibility for its accuracy.

### **Registration, Transfer and Payment of Certificated Notes**

If we ever issue notes in certificated form, those notes may be presented for registration, transfer and payment at the office of the registrar or at the office of any transfer agent designated and maintained by us. We have originally designated U.S. Bank National Association to act in those capacities for the Notes. The registrar or transfer agent will make the transfer or registration only if it is satisfied with the documents of title and identity of the person making the request. There will not be a service charge for any exchange or registration of transfer of the Notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the exchange. At any time, we may change transfer agents or approve a change in the location through which any transfer agent acts. We also may designate additional transfer agents for any notes at any time.

We will not be required to: (1) issue, exchange or register the transfer of any Note to be redeemed for a period of 15 days after the selection of the Notes to be redeemed; (2) exchange or register the transfer of any Note that was selected, called or is being called for redemption, except the unredeemed portion of any Note being redeemed in part; or (3) exchange or register the transfer of any Note as to which an election for repayment by the holder has been made, except the unrepaid portion of any Note being repaid in part.

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We will pay principal of and interest on any certificated notes at the offices of the paying agents we may designate from time to time. Generally, we will pay interest on a note by check on any interest payment date other than at stated maturity or upon earlier redemption or repayment to the person in whose name the note is registered at the close of business on the regular record date for that payment. We will pay principal and interest at stated maturity or upon earlier redemption or repayment in same-day funds against presentation and surrender of the applicable notes.

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**Table of Contents****UNDERWRITING**

Barclays Capital Inc. and Citigroup Global Markets Inc. are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in a firm commitment underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the principal amount of Notes set forth opposite its name below.

<b>Underwriter</b>	<b>Principal Amount of Notes</b>
Barclays Capital Inc.	\$ 87,500,000
Citigroup Global Markets Inc.	87,500,000
J.P. Morgan Securities LLC	35,000,000
SunTrust Robinson Humphrey, Inc.	35,000,000
BMO Capital Markets Corp.	17,500,000
Credit Suisse Securities (USA) LLC	17,500,000
Deutsche Bank Securities Inc.	17,500,000
UBS Securities LLC	17,500,000
Apollo Global Securities, LLC	17,500,000
Natixis Securities Americas LLC	17,500,000
<b>Total</b>	<b>\$ 350,000,000</b>

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the Notes sold under the underwriting agreement if any of these Notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We, AIM and AIA have agreed to indemnify the underwriters and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the underwriting agreement, such as there being no material change in our business or the financial markets and the receipt by the underwriters of customary closing documents. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

**Commissions and Expenses**

The following table shows the total underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering.

	<b>Per Note</b>	<b>Total</b>
Public offering price	99.043%	\$ 346,650,500
Underwriting discounts (sales load)	0.857%	\$ 3,000,000
Proceeds, before expenses, to us	98.186%	\$ 343,650,500

The representatives have advised us that the underwriters propose initially to offer the Notes to the public at the public offering price set forth on the cover page of this prospectus supplement and to certain dealers at such price less a concession not in excess of 0.514% of the principal amount of the Notes. Any underwriter may allow, and any such dealer may reallow, a concession not in excess of 0.300% of the principal amount of the Notes to certain other dealers. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

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The expenses of the offering, not including the underwriting discount, are estimated at \$300,000 and are payable by us.

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### **Settlement**

We expect that delivery of the Notes will be made to investors on or about March 3, 2015, which will be the fifth business day following the date of this prospectus supplement (such settlement cycle being referred to as "T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are generally required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their own advisors.

### **No Sales of Similar Securities**

We, AIM and AIA have agreed that for a period of 30 days after the date of this prospectus supplement we will not, without first obtaining the prior written consent of the representatives, directly or indirectly, offer, sell, contract to sell, pledge or otherwise dispose of, any debt securities issued or guaranteed by us, except for the Notes sold to the underwriters pursuant to the underwriting agreement and any increase in borrowings under our senior secured facility.

### **Short Positions and Price Stabilization**

In connection with the offering, the underwriters may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater principal amount of Notes than they are required to purchase in the offering. The underwriters must close out any short position by purchasing Notes in the open market. A short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

### **Other Relationships**

The underwriters and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters and certain of their affiliates have, from time to time, performed, and may in the future perform, various commercial and investment banking and financial advisory services for us and our affiliates, for which they received or may in the future receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and certain of their affiliates may make or hold a broad array of investments and actively trade debt and



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equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the underwriters or their affiliates has a lending relationship with us, certain of those underwriters or their affiliates routinely hedge, and certain other of those underwriters or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities or the securities of our affiliates, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The underwriters and certain of their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We expect to use the net proceeds of this offering to repay a portion of the indebtedness owed under our Senior Secured Facility. See Use of Proceeds. Certain affiliates of the underwriters are lenders under the Senior Secured Facility and as a result will receive the net proceeds of this offering to the extent such proceeds are used to repay indebtedness owed under our Senior Secured Facility. Amounts repaid under our Senior Secured Facility will remain available for future borrowings.

SunTrust Robinson Humphrey, Inc., an underwriter in this offering, acts as a sales manager for our at-the-market program through which we can sell up to 16 million shares of our common stock from time to time.

Apollo Global Securities, LLC, an underwriter in this offering, is an affiliate of the issuer.

The principal business address of Barclays Capital Inc. is 745 Seventh Avenue, New York, New York 10019. The principal business address of Citigroup Global Markets Inc. is 388 Greenwich Street, New York, New York 10013.

## **Selling Restrictions**

This prospectus supplement and the accompanying prospectus do not constitute an offer to sell to, or a solicitation of an offer to buy from, anyone in any country or jurisdiction (i) in which such an offer or solicitation is not authorized, (ii) in which any person making such offer or solicitation is not qualified to do so or (iii) in which any such offer or solicitation would otherwise be unlawful. No action has been taken that would, or is intended to, permit a public offer of the Notes or possession or distribution of this prospectus supplement and the accompanying prospectus or any other offering or publicity material relating to the notes in any country or jurisdiction (other than the United States) where any such action for that purpose is required. Accordingly, each underwriter has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

## ***United Kingdom***

This prospectus supplement and the accompanying prospectus have only been communicated or caused to have been communicated and will only be communicated or caused to be communicated as an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act of 2000 (the FSMA )) as received in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us. All applicable provisions of the FSMA will be complied with in respect to anything done in relation to the Notes in, from or otherwise involving the United Kingdom.

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### ***Hong Kong***

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

### ***Japan***

The Notes offered in this prospectus supplement and the accompanying prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***Singapore***

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

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**TRUSTEE, PAYING AGENT, REGISTRAR AND TRANSFER AGENT**

U.S. Bank National Association will act as the trustee, paying agent, registrar and transfer agent. The principal business address of U.S. Bank National Association is 100 Wall Street, Suite 1600, New York, NY 10005.

**LEGAL MATTERS**

Certain legal matters regarding the securities offered by this prospectus supplement and the accompanying prospectus will be passed upon for Apollo Investment by Skadden, Arps, Slate, Meagher & Flom LLP, New York, NY, and Venable LLP, Baltimore, MD. Certain legal matters will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP, New York, NY, who may rely as to certain matters of Maryland law upon the opinion of Venable LLP.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The financial statements as of March 31, 2014 and 2013 and for each of the three years in the period ended March 31, 2014, and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) as of March 31, 2014, included in the accompanying prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

With respect to the unaudited financial information of Apollo Investment Corporation as of December 31, 2014 and for the three and nine months ended December 31, 2014 and 2013, included in this prospectus supplement, PricewaterhouseCoopers LLP reported that they have applied limited procedures in accordance with professional standards for a review of such financial information. However, their separate report dated February 5, 2015 appearing herein, states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited financial information because such report is not a report or a part of the registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Securities Act of 1933.

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of Apollo Investment Corporation:

We have reviewed the accompanying statement of assets and liabilities of Apollo Investment Corporation (the Company), including the schedule of investments, as of December 31, 2014, and the related statement of operations for the three and nine month periods ended December 31, 2014 and December 31, 2013, the statement of cash flows for the nine month periods ended December 31, 2014 and December 31, 2013 and the statement of changes in net assets for the nine month period ended December 31, 2014. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of assets and liabilities, including the schedule of investments, as of March 31, 2014, and the related statements of operations, of changes in net assets and of cash flows for the year then ended (not presented herein), and in our report dated May 20, 2014, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying statement of assets and liabilities, including the schedule of investments, as of March 31, 2014, and the related statement of changes in net assets for the year then ended, is fairly stated in all material respects in relation to the statement of assets and liabilities from which it has been derived.

/s/ PricewaterhouseCoopers LLP

New York, New York

February 5, 2015

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**Table of Contents****APOLLO INVESTMENT CORPORATION****STATEMENTS OF ASSETS AND LIABILITIES (unaudited)**

(in thousands, except per share amounts)

	December 31, 2014	March 31, 2014
<b>Assets</b>		
Non-controlled/non-affiliated investments, at fair value (cost \$2,683,906 and \$2,714,971, respectively)	\$ 2,568,832	\$ 2,751,896
Non-controlled/affiliated investments, at fair value (cost \$189,673 and \$153,721, respectively)	198,739	144,628
Controlled investments, at fair value (cost \$715,993 and \$590,060, respectively)	746,444	582,147
<b>Total investments (cost \$3,589,572 and \$3,458,752, respectively)</b>	<b>3,514,015</b>	<b>3,478,671</b>
Cash	11,661	13,413
Foreign currency (cost \$16,151 and \$1,305, respectively)	16,009	1,323
Receivable for investments sold	94,965	72,918
Interest receivable	30,013	40,106
Dividends receivable	3,667	3,627
Deferred financing costs	27,066	31,601
Prepaid expenses and other assets	3,778	292
<b>Total assets</b>	<b>\$ 3,701,174</b>	<b>\$ 3,641,951</b>
<b>Liabilities</b>		
Debt (see note 6 & 9)	\$ 1,588,653	\$ 1,372,261
Payable for investments purchased	8,212	119,577
Dividends payable	47,348	47,348
Management and performance-based incentive fees payable (see note 3)	37,525	31,108
Interest payable	15,937	14,318
Accrued administrative expenses	2,232	1,915
Other liabilities and accrued expenses	4,576	3,813
<b>Total liabilities</b>	<b>\$ 1,704,483</b>	<b>\$ 1,590,340</b>
<b>Net Assets</b>		
Common stock, par value \$.001 per share, 400,000,000 and 400,000,000 common shares authorized, respectively, 236,741,351 and 236,741,351 issued and outstanding, respectively	\$ 237	\$ 237
Paid-in capital in excess of par (see note 2)	3,221,803	3,221,829
Over-distributed net investment income (see note 2)	(20,137)	(53,995)
Accumulated net realized loss (see note 2)	(1,136,574)	(1,133,405)
Net unrealized gain (loss)	(68,638)	16,945
<b>Net assets</b>	<b>\$ 1,996,691</b>	<b>\$ 2,051,611</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,701,174</b>	<b>\$ 3,641,951</b>
<b>Net asset value per share</b>	<b>\$ 8.43</b>	<b>\$ 8.67</b>

See notes to financial statements.



**Table of Contents****APOLLO INVESTMENT CORPORATION****STATEMENTS OF OPERATIONS (unaudited)**

(in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
<b>INVESTMENT INCOME:</b>				
From non-controlled/non-affiliated investments:				
Interest	\$ 87,606	\$ 76,347	\$ 266,300	\$ 231,136
Dividends	991	1,172	3,106	5,866
Other income	4,533	2,983	10,827	9,675
From non-controlled/affiliated investments:				
Interest	283	1,001	3,210	2,730
Dividends	4,236	5,964	12,310	15,528
From controlled investments:				
Interest	10,199	5,767	29,423	16,345
Dividends	2,115	914	5,815	3,174
Other income	63	413	525	487
<b>Total investment income</b>	<b>\$ 110,026</b>	<b>\$ 94,561</b>	<b>\$ 331,516</b>	<b>\$ 284,941</b>
<b>EXPENSES:</b>				
Management fees (see note 3)	\$ 18,755	\$ 15,932	\$ 55,744	\$ 46,044
Performance-based incentive fees (see note 3)	13,215	11,469	41,075	35,464
Interest and other debt expenses	20,315	17,366	58,163	50,682
Administrative services expense	1,863	1,410	4,821	3,616
Other general and administrative expenses	3,014	2,097	7,919	6,203
<b>Total expenses</b>	<b>\$ 57,162</b>	<b>\$ 48,274</b>	<b>\$ 167,722</b>	<b>\$ 142,009</b>
Management and performance-based incentive fees waived (see note 3)	\$ (3,740)	\$ (3,375)	\$ (11,934)	\$ (8,675)
Expense reimbursements (see note 3)	(58)	(21)	(174)	(29)
<b>Net expenses</b>	<b>\$ 53,364</b>	<b>\$ 44,878</b>	<b>\$ 155,614</b>	<b>\$ 133,305</b>
<b>Net investment income</b>	<b>\$ 56,662</b>	<b>\$ 49,683</b>	<b>\$ 175,902</b>	<b>\$ 151,636</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, CASH EQUIVALENTS, FOREIGN CURRENCIES AND DERIVATIVES:</b>				
Net realized gain (loss):				
Investments and cash equivalents				
Non-controlled/non-affiliated investments	\$ (2,355)	\$ 2,516	\$ (14,244)	\$ (119,902)
Non-controlled/affiliated investments	(169)	321	11,357	321
Controlled investments	(57)	1,368	(57)	(970)
<b>Net realized gain (loss) from investments and cash equivalents</b>	<b>\$ (2,581)</b>	<b>\$ 4,205</b>	<b>\$ (2,944)</b>	<b>\$ (120,551)</b>

See notes to financial statements.



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**Table of Contents****APOLLO INVESTMENT CORPORATION****STATEMENTS OF OPERATIONS (unaudited) (continued)**

(in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Foreign currencies				
Non-controlled/non-affiliated investments	\$ (13)	\$ 13	\$ 374	\$ (87)
Non-controlled/affiliated investments				
Controlled investments	134	6	134	42
Foreign debt	1,030	(557)	(733)	2,514
Net realized gain (loss) from foreign currencies	\$ 1,151	\$ (538)	\$ (225)	\$ 2,469
Derivatives				8,541
Net realized gain (loss)	\$ (1,430)	\$ 3,667	\$ (3,169)	\$ (109,541)
Net change in unrealized gain (loss):				
Investments and cash equivalents				
Non-controlled/non-affiliated investments	\$ (100,749)	\$ 50,084	\$ (149,322)	\$ 150,228
Non-controlled/affiliated investments	4,939	3,424	15,592	(1,897)
Controlled investments	18,068	887	38,364	23,669
Net change in unrealized gain (loss) from investments and cash equivalents	\$ (77,742)	\$ 54,395	\$ (95,366)	\$ 172,000
Foreign currencies				
Non-controlled/non-affiliated investments	\$ (234)	\$ 58	\$ (747)	\$ 593
Non-controlled/affiliated investments				
Controlled investments		(12)		9
Foreign debt	3,292	(2,053)	10,532	(13,730)
Net change in unrealized gain (loss) from foreign currencies	\$ 3,058	\$ (2,007)	\$ 9,785	\$ (13,128)
Net change in unrealized gain (loss)	\$ (74,684)	\$ 52,388	\$ (85,581)	\$ 158,872
Net realized and unrealized gain (loss) from investments, cash equivalents, foreign currencies and derivatives	(76,114)	56,055	(88,750)	49,331
<b>NET (DECREASE) INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ (19,452)</b>	<b>\$ 105,738</b>	<b>\$ 87,152</b>	<b>\$ 200,967</b>
<b>EARNINGS (Loss) PER SHARE BASIC (see note 4)</b>	<b>\$ (0.09)</b>	<b>\$ 0.47</b>	<b>\$ 0.36</b>	<b>\$ 0.90</b>
<b>EARNINGS (Loss) PER SHARE DILUTED (see note 4)</b>	<b>\$ (0.09)</b>	<b>\$ 0.45</b>	<b>\$ 0.36</b>	<b>\$ 0.88</b>

See notes to financial statements.



**Table of Contents****APOLLO INVESTMENT CORPORATION****STATEMENTS OF CHANGES IN NET ASSETS (unaudited)**

(in thousands, except shares)

	Nine Months Ended December 31, 2014	Year ended March 31, 2014
<b>Increase (decrease) in net assets from operations:</b>		
Net investment income	\$ 175,902	\$ 201,248
Net realized loss	(3,169)	(106,507)
Net change in unrealized gain (loss)	(85,581)	176,131
Net increase in net assets resulting from operations	87,152	270,872
<b>Dividends and distributions to stockholders (see note 2):</b>		
Distribution of income	(142,045)	(182,193)
Return of capital		
Total dividends and distributions to stockholders	(142,045)	(182,193)
<b>Capital share transactions:</b>		
Net proceeds from shares sold		286,553
Less offering costs	(27)	(1,010)
Reinvestment of dividends		
Net increase (decrease) in net assets from capital share transactions	(27)	285,543
<b>Total increase (decrease) in net assets:</b>	(54,920)	374,222
Net assets at beginning of period	2,051,611	1,677,389
Net assets at end of period	\$ 1,996,691	\$ 2,051,611
<b>Capital share activity</b>		
Shares sold		33,850,000
Shares issued from reinvestment of dividends		
Net capital share activity		33,850,000

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****STATEMENTS OF CASH FLOWS (unaudited)**

(in thousands)

	Nine months ended December 31,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net increase in net assets resulting from operations	\$ 87,152	\$ 200,967
<i>Adjustments to reconcile net increase (decrease):</i>		
PIK interest and dividends capitalized (see note 5)	(24,155)	(21,008)
Net amortization on investments	(7,860)	(5,833)
Accretion of original issue discount on 2024 Note	1	
Amortization of deferred financing costs	4,966	5,497
(Increase) decrease from foreign currency transactions	(1,035)	2,975
Net change in unrealized (gain) loss on investments, cash equivalents, foreign currencies and derivatives	85,581	(158,872)
Net realized loss on investments, cash equivalents, and foreign currencies	3,169	109,541
<i>Changes in operating assets and liabilities:</i>		
Purchase of investments	(1,839,380)	(1,830,368)
Proceeds from derivatives		4,156
Proceeds from the disposition of derivatives		4,385
Proceeds from disposition of investments	1,737,803	1,575,542
Increase in receivables for investments sold	(22,047)	(93,887)
Decrease in interest receivable	10,093	11,364
Increase in dividends receivable	(40)	(4,145)
Increase in prepaid expenses and other assets	(3,486)	(677)
Increase (decrease) in payable for investments purchased	(111,365)	73,113
Increase in management and performance-based incentive fees payable	6,417	2,835
Increase in interest payable	1,619	2,138
Increase (decrease) in accrued administrative expenses	317	(904)
Increase in other liabilities and accrued expenses	763	661
Net cash (used in) provided by operating activities	\$ (71,487)	\$ (122,520)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds from the issuance of common stock	\$	\$ 182,273
Offering costs for the issuance of common stock	(27)	(445)
Dividends paid in cash	(142,045)	(130,475)
Proceeds from debt	2,423,577	1,609,313
Repayments of debt	(2,196,492)	(1,517,840)
Deferred financing costs paid	(432)	(11,678)
Net cash provided by (used in) financing activities	\$ 84,581	\$ 131,148
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 13,094</b>	<b>\$ 8,628</b>
Effect of exchange rates on cash balances	(160)	22
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>\$ 14,736</b>	<b>\$ 6,197</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 27,670</b>	<b>\$ 14,847</b>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

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Cash interest paid during the period	\$ 50,064	\$ 41,006
PIK income (see note 5)	\$ 24,889	\$ 21,447

See notes to financial statements.

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**APOLLO INVESTMENT CORPORATION**  
**SCHEDULE OF INVESTMENTS (unaudited)**

**December 31, 2014**

(in thousands)

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED INVESTMENTS 128.7% (18)	Interest Rate	Maturity Date	Industry	Par Amount(12)	Cost	Fair Value (1)
<b>CORPORATE DEBT 116.3%</b>						
<b>SECURED DEBT 90.0%</b>						
<b>1st Lien Secured Debt 40.4%</b>						
Alion Science & Technology Corporation	11.00% (L+1000, 1.00% Floor)	8/16/19	Aerospace and Defense	\$ 32,083	\$ 31,074	\$ 31,442
Archroma (17)	9.50% (L+825, 1.25% Floor)	10/1/18	Chemicals	45,230	44,796	44,891
Aventine Renewable Energy Holdings, Inc.	15.00% PIK or 10.50% Cash	9/22/17	Chemicals	15,742	18,244	15,663
Aveta, Inc.	9.75% (L+825, 1.50% Floor)	12/12/17	Healthcare	54,959	53,886	53,311
Caza Petroleum, Inc.	12.00% (L+1000, 2.00% Floor)	5/23/17	Oil and Gas	45,000	43,892	43,762
Compuware Holdings, LLC (16)	6.25% (L+525, 1.00% Floor)	12/15/21	Business Services	2,903	2,758	2,756
Compuware Holdings, LLC (16)	6.25% (L+525, 1.00% Floor)	12/15/19	Business Services	1,398	1,370	1,369
Deep Gulf Energy II, LLC	11.50% (11.50% or L+1000, 1.50% Floor)	3/31/17	Oil and Gas	25,000	25,000	24,437
Delta Educational Systems, Inc.	16.00% (8.00% Cash / 8.00% PIK)	12/11/16	Education	5,774	5,774	5,774
Dodge Data & Analytics LLC	9.75% (L+875, 1.00% Floor)	10/31/19	Printing and Publishing	60,500	59,322	58,836
Extraction Oil & Gas Holdings, LLC	11.00% and 10.00%	5/29/19	Oil and Gas	52,633	51,899	51,843
GenCorp, Inc. (17)	9.50% (L+850, 1.00% Floor)	4/18/22	Aerospace and Defense	44,500	44,500	44,500
Great Bear Petroleum Operating, LLC	12.000%	10/1/17	Oil and Gas	5,064	5,064	5,064
Hunt Companies, Inc. (11)			Buildings and Real Estate			
	9.625%	3/1/21		41,008	40,542	41,828
M&G Chemicals, S.A. (17)	9.139% (L+900, 0.139% Floor)	3/28/16	Chemicals	5,000	5,000	5,000
Magnetation, LLC (11)	11.000%	5/15/18	Mining	38,454	39,976	26,629
Maxus Capital Carbon SPE I, LLC (Skyonic Corp.)	13.000%	9/18/19	Chemicals	76,123	76,123	76,123
Molycorp, Inc. (17)			Diversified Natural Resources, Precious Metals and Minerals			
	10.000%	6/1/20		50,424	50,017	28,363
My Alarm Center, LLC (16)	8.50% (L+750, 1.00% Floor)	1/9/18	Business Services	42,614	42,614	42,614
My Alarm Center, LLC (16)	8.50% (L+750, 1.00% Floor)	1/9/18	Business Services	11,000	11,000	11,000
Osage Exploration & Development, Inc. (11)(17)	13.00% (L+1100, 2.00% Floor)	4/27/16	Oil and Gas	25,000	24,688	24,063
Panda Temple Power, LLC	11.50% (L+1000, 1.50% Floor)	7/17/18	Energy	25,500	25,155	25,755
Pelican Energy, LLC (17)	10.00% (7.00% Cash / 3.00% PIK)	12/31/18	Oil and Gas	26,541	25,607	26,541
SCM Insurance Services, Inc. (17)	9.250%	8/22/19	Business Services	CAD 30,000	27,125	25,642

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Spotted Hawk Development, LLC	13.00% (12.00% Cash / 1.00% PIK)	9/12/16	Oil and Gas	80,698	79,558	78,681
	See notes to financial statements.					

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2014****(in thousands)****INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED INVESTMENTS 128.7% (18)****1st Lien Secured Debt 40.4% (continued)**

	Interest Rate	Maturity Date	Industry	Par Amount(12)	Cost	Fair Value (1)
Sunrun Solar Owner IX, LLC	9.079%	12/31/24	Energy	\$ 3,476	\$ 3,332	\$ 3,330
	9.50% (L+850, 1.00% Floor) Funded, 0.50%					
UniTek Global Services Inc.	Unfunded	1/21/15	Telecommunications	8,256	8,256	8,256
<b>Total 1st Lien Secured Debt excluding Revolvers and Letters of Credit</b>					<b>\$ 846,572</b>	<b>\$ 807,473</b>

**Funded and Unfunded Revolver Obligations 3.9%**

	5.00% (L+175 Funded) / 2.910% (L+275 Funded)	10/26/16	Telecommunications	\$ 18,392	\$ 18,392	\$ 16,828
Avaya, Inc., (Revolver) (16)	0.500%	10/26/16	Telecommunications	18,392	(3,680)	(1,563)
Avaya, Inc., (Unfunded Revolver) (8)(16)	L+400 Funded, 0.50% Unfunded	9/10/18	Business Services	20,760	(1,994)	(1,868)
BMC Software, Inc., (Unfunded Revolver) (8)	0.625%	1/27/17	Financial Services	25,000	(336)	(1,000)
CIT Group, Inc., (Unfunded Revolver) (8)(17)	6.75% (P+350, 3.25% Floor) Funded	12/10/18	Insurance	1,050	1,050	955
Confie Seguros Holding II Co., (Revolver) (16)	0.500%	12/10/18	Insurance	2,784	(363)	(251)
Confie Seguros Holding II Co., (Unfunded Revolver) (8)(16)	5.00% (L+375, 1.25% Floor) Funded	6/16/16	Education	28,764	28,764	26,175
Laureate Education Inc., (Revolver) (16)(17)	0.625%	6/16/16	Education	23	(2,494)	(2)
Laureate Education, Inc., (Unfunded Revolver) (8)(16)(17)	L+300 Funded, 0.50% Unfunded	1/2/19	Healthcare	24,867	(1,618)	(497)
Salix Pharmaceuticals, Ltd., (Unfunded Revolver) (8)(16)(17)	L+400 / L+300 Funded, 0.50%	12/5/19	Business Services	6,000	(59)	(30)
Tibco Software Inc., (Unfunded Revolver) (8)	0.50% Unfunded	11/12/19	Financial Services	2,940	(15)	(29)
Transfirst Holdings, Inc., (Unfunded Revolver) (8)(16)	L+850 Funded, 0.50% Unfunded	1/21/15	Telecommunications	5,000		
UniTek Global Services, Inc., (Unfunded Revolver)	10.25% (L+925, 1.00% Floor) Funded	4/15/16	Telecommunications	38,731	38,731	38,731
UniTek Global Services, Inc., (Revolver)	L+550 Funded, 0.625%	10/1/17	Mining	275	(169)	(48)
Walter Energy, Inc., (Unfunded Revolver) (8)(16)(17)	Unfunded					
<b>Total Funded and Unfunded Revolver Obligations</b>					<b>\$ 76,209</b>	<b>\$ 77,401</b>

**Letters of Credit (0.0)%**

Confie Seguros Holding II Co., Letter of Credit (8)(16)	4.500%	10/27/14	Insurance	\$ 600	\$	\$ (54)
Confie Seguros Holding II Co., Letter of Credit (8)(16)	4.500%	1/13/15	Insurance	66		(6)

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2014****(in thousands)****INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED INVESTMENTS 128.7% (18)****Letters of Credit (0.0)% (continued)**

	Interest Rate	Maturity Date	Industry	Par Amount (12)	Cost	Fair Value (1)
Laureate Education Inc., Letter of Credit (8)(17)	3.750%	6/16/16	Education	\$ 93	\$	\$ (8)
Salix Pharmaceuticals, Ltd., Letter of Credit (16)(17)	3.000%	2/10/15	Healthcare	8		
Salix Pharmaceuticals, Ltd., Letter of Credit (8)(16)(17)	3.000%	2/10/15	Healthcare	125		(3)
Transfirst Holdings, Inc., Letter of Credit (8)(16)	L+450	11/12/19	Financial Services	60		(1)
UniTek Global Services Inc., Letter of Credit	9.000%	1/21/15	Telecommunications	17,946		
UniTek Global Services Inc., Letter of Credit	9.000%	1/21/15	Telecommunications	1,850		
Walter Energy, Inc., Letter of Credit (8)(9)(16)(17)	5.500%	9/18/14-7/4/15	Mining	86		(15)
Walter Energy, Inc., Letter of Credit (8)(9)(16)(17)	5.500%	11/28/15-8/31/15	Mining	CAD 192		(29)

**Total Letters of Credit** **\$** **\$ (116)**

**Total 1st Lien Secured Debt** **\$ 922,781** **\$ 884,758**

**2nd Lien Secured Debt 45.7%**

Access Information	9.75% (L+875, 1.00% Floor)	10/17/22	Business Services	\$ 25,600	\$ 24,070	\$ 24,192
Active Network, Inc.	9.50% (L+850, 1.00% Floor)	11/15/21	Business Services	19,672	19,584	19,181
American Energy - Utica, LLC (10)	11.00% (L+950, 1.50% Floor)	9/30/18	Oil and Gas	6,828	6,770	6,247
Appriss Holdings, Inc.	9.25% (L+825, 1.00% Floor)	5/21/21	Business Services	25,000	24,630	25,000
Aptean, Inc.	8.50% (L+750, 1.00% Floor)	2/26/21	Business Services	10,322	10,181	9,883
Armor Holdings, Inc. (American Stock Transfer and Trust Company)	10.25% (L+900, 1.25% Floor)	12/26/20	Financial Services	8,000	7,863	7,880
Asurion Corporation	8.50% (L+750, 1.00% Floor)	3/3/21	Insurance	62,400	61,529	62,166
Confie Seguros Holding II Co.	10.25% (L+900, 1.25% Floor)	5/8/19	Insurance	33,844	33,610	33,760
Consolidated Precision Products Corp.	8.75% (L+775, 1.00% Floor)	4/30/21	Aerospace and Defense	1,940	1,931	1,853
Deltek, Inc.	10.00% (L+875, 1.25% Floor)	10/10/19	Business Services	17,273	17,118	17,403
Elements Behavioral Health, Inc.	9.25% (L+825, 1.00% Floor)	2/11/20	Healthcare	9,500	9,416	9,441
Garden Fresh Restaurant Corp. (16)	14.50% (L+1300 PIK, 1.50% Floor)	1/1/19	Restaurants	38,448	36,504	34,219
Garden Fresh Restaurant Corp. (16)	7.25% (L+575 PIK, 1.50% Floor)	1/1/19	Restaurants	8,090	6,279	5,501
GCA Services Group, Inc.	9.25% (L+800, 1.25% Floor)	11/1/20	Diversified Service	22,838	22,930	22,609
Grocery Outlet, Inc.	9.25% (L+825, 1.00% Floor)	10/21/22	Grocery	30,000	29,555	29,663
GTCR Valor Companies, Inc.	9.50% (L+850, 1.00% Floor)	11/30/21	Business Services	35,000	34,657	33,950

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2014****(in thousands)****INVESTMENTS IN NON-CONTROLLED/  
NON-AFFILIATED INVESTMENTS****128.7% (18)****2nd Lien Secured Debt 45.7% (continued)**

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Industry</b>	<b>Par Amount(12)</b>	<b>Cost</b>	<b>Fair Value (1)</b>
Institutional Shareholder Services, Inc.	8.50% (L+750, 1.00% Floor)	4/30/22	Financial Services	\$ 6,640	\$ 6,577	\$ 6,540
Kronos, Inc.	9.75% (L+850, 1.25% Floor)	4/30/20	Business Services	51,123	50,727	52,082
Miller Energy Resources, Inc. (17)	12.75% (L+975, 3.00% Floor)	2/3/18	Oil and Gas	87,500	86,076	85,750
MSC Software Corp. (17)	8.50% (L+750, 1.00% Floor)	5/28/21	Business Services	18,448	18,275	18,079
Novolex Holdings, Inc.	9.75% (L+875, 1.00% Floor)	6/5/22	Packing	40,000	39,005	39,200
Pabst Brewing Company	10.50 (P+725, 3.25% Floor) / 9.25 (L+825, 1.00% Floor)	11/14/22	Consumer Products	32,000	31,601	31,600
Premier Trailer Leasing, Inc.	10.00% (L+900, 1.00% Floor)	9/24/20	Financial Services	52,000	50,996	50,960
RegionalCare Hospital Partners, Inc.	10.50% (L+950, 1.00% Floor)	10/23/19	Healthcare Hotels, Motels, Inns and Gaming	4,000	3,796	3,990
River Cree Enterprises LP (11)(17)	11.000%	1/20/21	Cable Television	CAD 33,000	31,111	30,307
SiTV, Inc. (11)	10.375%	7/1/19	Television	\$ 2,219	2,219	2,065
Sprint Industrial Holdings, LLC	11.25% (L+1000, 1.25% Floor)	11/14/19	Containers, Packaging, and Glass	14,163	13,951	13,880
SquareTwo Financial Corp. (Collect America, Ltd.) (17)	11.625%	4/1/17	Financial Services	65,152	64,219	64,012
Stadium Management Corp.	9.25% (L+825, 1.00% Floor)	2/27/21	Business Services	19,900	19,900	19,999
TASC, Inc.	12.000%	5/21/21	Aerospace and Defense	21,815	21,011	22,306
TMK Hawk Parent Corp.	8.50% (L+750, 1.00% Floor)	10/1/22	Distribution	34,000	33,667	33,830
Transfirst Holdings, Inc.	9.00% (L+800, 1.00% Floor)	11/11/22	Financial Services	21,740	21,525	21,532
U.S. Renal Care, Inc.	10.25% (L+900, 1.25% Floor)	1/3/20	Healthcare	11,927	11,975	11,957
Velocity Technology Solutions, Inc.	9.00% (L+775, 1.25% Floor)	9/28/20	Business Services	16,500	16,199	16,170
Vertafore, Inc.	9.75% (L+825, 1.50% Floor)	10/27/17	Business Services	36,436	36,263	36,618
Walter Energy, Inc. (11)(17)	11.000%	4/1/20	Mining	22,554	21,227	7,499
<b>Total 2nd Lien Secured Debt</b>					<b>\$ 926,947</b>	<b>\$ 911,324</b>
<b>TOTAL SECURED DEBT</b>					<b>\$ 1,849,728</b>	<b>\$ 1,796,082</b>

**UNSECURED DEBT 26.3%**

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American Energy - Woodford LLC/AEW Finance Corp. (11)	9.000%	9/15/22	Oil and Gas	\$ 5,000	\$ 4,800	\$ 3,275
American Tire Distributors, Inc. (11)(16)	11.500%	6/1/18	Distribution	25,000	25,000	25,500
American Tire Distributors, Inc. (11)(16)	11.500%	6/1/18	Distribution	40,000	39,420	40,800

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2014****(in thousands)****INVESTMENTS IN NON-CONTROLLED/  
NON-AFFILIATED INVESTMENTS****128.7% (18)****UNSECURED DEBT 26.3% (continued)**

	Interest Rate	Maturity Date	Industry	Par Amount(12)	Cost	Fair Value (1)
Artsonig Pty Ltd. (11)(17)	11.50% (12.00% PIK Toggle)	4/1/19	Transportation	\$ 21,227	\$ 20,962	\$ 18,839
BCA Osprey II Limited (British Car Auctions) (16)(17)	12.500% PIK	8/17/17	Transportation	£ 23,566	37,671	37,848
BCA Osprey II Limited (British Car Auctions) (16)(17)	12.500% PIK	8/17/17	Transportation	14,333	19,764	17,864
Canacol Energy Ltd. (17)	9.50% (L+850, 1.00% Floor)	12/31/19	Oil and Gas	\$ 50,000	48,539	48,500
Ceridian Corp. (11)	11.000%	3/15/21	Diversified Service	31,760	31,760	34,896
Delta Educational Systems, Inc.	16.00% PIK or 10.00% Cash / 6.00% PIK	5/12/17	Education	23,235	22,969	22,224
Denver Parent Corp. (Venoco)	12.25% (13.00% PIK Toggle)	8/15/18	Oil and Gas	8,988	8,821	3,707
My Alarm Center, LLC	16.25% (12.00% Cash / 4.25% PIK)	7/9/18	Business Services	4,145	4,145	4,145
Niacet Corporation	13.000%	8/28/18	Chemicals	12,500	12,500	12,625
PetroBakken Energy Ltd. (11)(17)	8.625%	2/1/20	Oil and Gas	39,300	40,455	27,903
Radio One, Inc. (11)(17)	9.250%	2/15/20	Broadcasting & Entertainment	14,804	14,804	12,954
Sorenson Holdings, LLC (11)	13.00% PIK	10/31/21	Consumer Products	68	46	68
Tibco Software Inc. (11)	11.375%	12/1/21	Business Services	26,924	26,149	26,217
U.S. Security Associates Holdings, Inc.	11.000%	7/28/18	Business Services	135,000	135,000	137,700
Univar, Inc.	10.500%	6/30/18	Distribution	20,000	20,000	19,780
Venoco, Inc.	8.875%	2/15/19	Oil and Gas	54,996	55,026	30,523

**TOTAL UNSECURED DEBT****\$ 567,831 \$ 525,368****TOTAL CORPORATE DEBT****\$ 2,417,559 \$ 2,321,450****STRUCTURED PRODUCTS AND OTHER 8.6%**

Asset Repackaging Trust Six B.V., Credit-Linked Note (11)(17)	N/A	5/15/27	Utilities	\$ 58,411	\$ 24,925	\$ 32,785
Craft 2013-1, Credit-Linked Note (11)(16)(17)	9.483% (L+925)	4/17/22	Diversified Investment Vehicle	25,000	25,092	24,503
Craft 2013-1, Credit-Linked Note (16)(17)	9.483% (L+925)	4/17/22	Diversified Investment Vehicle	7,625	7,753	7,476
Craft 2014-1A, Credit-Linked Note (11)(17)	9.884% (L+965)	5/15/21	Diversified Investment Vehicle	42,500	42,497	41,995
Dark Castle Holdings, LLC	N/A	N/A	Media	24,395	1,190	2,748
JP Morgan Chase & Co., Credit-Linked Note (17)	12.483% (L+1225)	12/20/21	Diversified Investment Vehicle	43,250	42,318	43,560

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See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2014****(in thousands)**

<b>INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED INVESTMENTS 128.7% (18)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Industry</b>	<b>Par Amount(12)</b>	<b>Cost</b>	<b>Fair Value (1)</b>
<b>STRUCTURED PRODUCTS AND OTHER 8.6%</b>						
<b>(continued)</b>						
NXT Capital CLO 2014-1, LLC (11)(17)	5.731% (L+550)	4/23/26	Diversified Investment Vehicle	\$ 5,000	\$ 4,665	\$ 4,250
Renaissance Umiat, LLC, ACES Tax Receivable (15)(17)	N/A	N/A	Oil and Gas		13,014	14,003
<b>TOTAL STRUCTURED PRODUCTS AND OTHER</b>					<b>\$ 161,454</b>	<b>\$ 171,320</b>
<b>PREFERRED EQUITY 2.0%</b>						
<b>Shares</b>						
CA Holding, Inc. (Collect America, Ltd.), Series A Preferred Stock (13)(17)	N/A	N/A	Financial Services	7,961	\$ 788	\$ 1,113
Crowley Holdings, Series A Preferred Stock (11)	12.00% (10.00% Cash / 2.00% PIK)	N/A	Cargo Transport	22,500	22,964	23,518
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Preferred Stock (Convertible) (13)(14)	12.50% PIK	N/A	Education	332,500	6,863	
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Preferred Stock (13)(14)	13.50% PIK	5/12/18	Education	12,360	27,685	9,954
Varietal Distribution Holdings, LLC, Class A Preferred Unit	8.00% PIK	N/A	Distribution	3,097	5,613	5,613
<b>TOTAL PREFERRED EQUITY</b>					<b>\$ 63,913</b>	<b>\$ 40,198</b>
<b>EQUITY 1.8%</b>						
<b>Common Equity/Interests 1.5%</b>						
<b>Shares</b>						
ATD Corporation (Accelerate Parent Corp.), Common Stock (11)(13)	N/A	N/A	Distribution	3,225,514	\$ 3,276	\$ 5,130
CA Holding, Inc. (Collect America, Ltd.), Series A Common Stock (13)(17)	N/A	N/A	Financial Services	25,000	2,500	
CA Holding, Inc. (Collect America, Ltd.), Series AA Common Stock (13)(17)	N/A	N/A	Financial Services	4,294	429	
Caaza Petroleum, Inc., Net Profits Interest (13)	N/A	N/A	Oil and Gas		1,202	1,036
Caaza Petroleum, Inc., Overriding Royalty Interest	N/A	N/A	Oil and Gas		339	349
Clothesline Holdings, Inc. (Angelica Corporation), Common Stock (13)	N/A	N/A	Healthcare Business	6,000	6,000	669
Explorer Coinvest, LLC (Booz Allen), Common Stock (13)(17)	N/A	N/A	Services	246	1,881	6,063
Garden Fresh Restaurant Holdings, LLC., Common Stock (13)	N/A	N/A	Restaurants	50,000	5,000	
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Common Stock (13)	N/A	N/A	Education	17,500	175	
JV Note Holdco, LLC (DSI Renal, Inc.), Common Equity / Interest (13)	N/A	N/A	Healthcare	9,303	85	

See notes to financial statements.



**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2014****(in thousands, except shares)**

<b>INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED INVESTMENTS 128.7% (18)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Industry</b>	<b>Shares</b>	<b>Cost</b>	<b>Fair Value (1)</b>
<b>Common Equity/Interests 1.5% (continued)</b>						
Pelican Energy, LLC, Net Profits Interest (13)(17)	N/A	N/A	Oil and Gas	1,048,811	\$ 1,049	\$ 332
Skyline Data, News and Analytics LLC, Class A Common Unit (13)	N/A	N/A	Printing and Publishing	5,000	5,000	5,000
Sorenson Holdings, LLC, Membership Interests (13)	N/A	N/A	Consumer Products	587		81
Univar, Inc., Common Stock (13)	N/A	N/A	Distribution	900,000	9,000	10,710
Varietal Distribution Holdings, LLC, Class A Common Unit (13)	N/A	N/A	Distribution	28,028	28	125
<b>Total Common Equity/Interests</b>					<b>\$ 35,964</b>	<b>\$ 29,495</b>
<b>Warrants 0.3%</b>						
CA Holding, Inc. (Collect America, Ltd.), Common Stock Warrants (13)(17)	N/A	N/A	Financial Services	7,961	\$ 8	\$
Energy & Exploration Partners, Inc., Common Stock Warrants (13)	N/A	N/A	Oil and Gas	60,778	2,374	58
Fidji Luxco (BC) S.C.A., Common Stock Warrants (2)(13)(17)	N/A	N/A	Electronics	18,113	182	4,450
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Class A-1 Preferred Stock Warrants (13)	N/A	N/A	Education	45,947	459	
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Class B-1 Preferred Stock Warrants (13)	N/A	N/A	Education	104,314	1,043	
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Common Stock Warrants (13)	N/A	N/A	Education	9,820	98	
Osage Exploration & Development, Inc., Common Stock Warrants (13)(17)	N/A	N/A	Oil and Gas	1,496,843		365
Spotted Hawk Development, LLC, Common Stock Warrants (13)	N/A	N/A	Oil and Gas	54,545	852	1,496
<b>Total Warrants</b>					<b>\$ 5,016</b>	<b>\$ 6,369</b>
<b>TOTAL EQUITY</b>					<b>\$ 40,980</b>	<b>\$ 35,864</b>
<b>Total Investments in Non-Controlled/ Non-Affiliated Investments</b>					<b>\$ 2,683,906</b>	<b>\$ 2,568,832</b>

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2014****(in thousands, except shares)**

<b>INVESTMENTS IN NON-CONTROLLED/ AFFILIATED INVESTMENTS 9.9%(4)(18)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Industry</b>	<b>Par Amount (12)</b>	<b>Cost</b>	<b>Fair Value (1)</b>
<b><u>CORPORATE DEBT 0.0%</u></b>						
<b><u>SECURED DEBT 0.0%</u></b>						
<b><u>1st Lien Secured Debt 0.0%</u></b>						
Renewable Funding Group, Inc., (4)(13)	0.00%	9/30/15	Finance	\$ 1,000	\$ 1,000	\$ 1,000
<b>Total 1st Lien Secured Debt</b>					<b>\$ 1,000</b>	<b>\$ 1,000</b>
<b>TOTAL SECURED DEBT</b>					<b>\$ 1,000</b>	<b>\$ 1,000</b>
<b>TOTAL CORPORATE DEBT</b>					<b>\$ 1,000</b>	<b>\$ 1,000</b>
<b><u>STRUCTURED PRODUCTS AND OTHER 9.2%</u></b>						
Golden Bear Warehouse, LLC, Equity (3)(4)(17)	N/A	N/A	Diversified Investment Vehicle	\$ 1,226	\$ 1,226	\$ 951
Golden Hill CLO I, LLC, Equity (3)(4)(17)	N/A	N/A	Diversified Investment Vehicle	61,285	61,818	62,689
Highbridge Loan Management 3-2014, Ltd., Class E Notes (3)(4)(11)(16)(17)	6.234% (L+600)	1/18/25	Diversified Investment Vehicle	2,485	2,274	2,145
Highbridge Loan Management 3-2014, Ltd., Subordinated Notes (3)(4)(11)(16)(17)	N/A	1/18/25	Diversified Investment Vehicle	8,163	6,809	6,759
Ivy Hill Middle Market Credit Fund IX, Ltd, Subordinated Notes (3)(4)(11)(17)	N/A	10/18/25	Diversified Investment Vehicle	12,500	11,375	11,375
Jamestown CLO I LTD, Subordinated Notes (3)(4)(11)(17)	N/A	11/5/24	Diversified Investment Vehicle	4,325	3,475	3,948
MCF CLO I, LLC, Membership Interests (3)(4)(11)(17)	N/A	4/20/23	Diversified Investment Vehicle	38,918	35,546	38,700
MCF CLO III, LLC, Class E Notes (3)(4)(11)(17)	4.684%(L+445)	1/20/24	Diversified Investment Vehicle	12,750	11,429	11,220
MCF CLO III, LLC, Membership Interests (3)(4)(11)(17)	N/A	1/20/24	Diversified Investment Vehicle	41,900	37,780	39,684
Slater Mill Loan Fund LP, LP Certificates (3)(4)(17)	N/A	N/A	Diversified Investment Vehicle	8,375	5,859	7,404
<b>TOTAL STRUCTURED PRODUCTS AND OTHER</b>					<b>\$ 177,591</b>	<b>\$ 184,875</b>
<b><u>PREFERRED EQUITY 0.5%</u></b>						
<b>Shares</b>						
Renewable Funding Group, Inc., Series B Preferred Stock (4)(13)	N/A	N/A	Finance	1,505,868	\$ 7,582	\$ 9,364
<b>TOTAL PREFERRED EQUITY</b>					<b>\$ 7,582</b>	<b>\$ 9,364</b>
<b><u>EQUITY 0.2%</u></b>						
<b><u>Common Equity/Interests 0.2%</u></b>						
<b>Shares</b>						
AMP Solar Group, Inc., Class A Common Shares (4)(17)	N/A	N/A	Energy	81,493	\$ 3,500	\$ 3,500
<b>Total Common Equity/Interests</b>					<b>\$ 3,500</b>	<b>\$ 3,500</b>
<b>TOTAL EQUITY</b>					<b>\$ 3,500</b>	<b>\$ 3,500</b>

**Total Investments in Non-Controlled/Affiliated  
Investments**

**\$ 189,673    \$ 198,739**

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2014****(in thousands, except shares)**

<b>INVESTMENTS IN CONTROLLED INVESTMENTS 37.4%(5)(18)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Industry</b>	<b>Par Amount (12)</b>	<b>Cost</b>	<b>Fair Value (1)</b>
<b>CORPORATE DEBT 16.7%</b>						
<b>SECURED DEBT 16.7%</b>						
<b>1st Lien Secured Debt 16.7%</b>						
Merx Aviation Finance, LLC, (Revolver) (5)(16)	12.00% Funded	10/31/18	Aviation	\$ 334,084	\$ 334,084	\$ 334,084
<b>Total 1st Lien Secured Debt</b>					<b>\$ 334,084</b>	<b>\$ 334,084</b>
<b>Unfunded Revolver Obligation 0.0%</b>						
	12.00% Funded, 0.00%					
Merx Aviation Finance, LLC, (Unfunded Revolver) (5)(16)	Unfunded	10/31/18	Aviation	\$ 65,916	\$	\$
<b>Total Unfunded Revolver Obligation</b>					<b>\$</b>	<b>\$</b>
<b>Letters of Credit 0.0%</b>						
Merx Aviation Finance Assets Ireland Limited, Letter of Credit (5)	2.250%	9/30/15	Aviation	\$ 1,800	\$	\$
Merx Aviation Finance Assets Ireland Limited, Letter of Credit (5)	2.250%	9/30/15	Aviation	1,800		
<b>Total Letters of Credit</b>					<b>\$</b>	<b>\$</b>
<b>TOTAL SECURED DEBT</b>					<b>\$ 334,084</b>	<b>\$ 334,084</b>
<b>TOTAL CORPORATE DEBT</b>					<b>\$ 334,084</b>	<b>\$ 334,084</b>
<b>PREFERRED EQUITY 4.4%</b>						
				<b>Shares</b>		
AMP Solar (UK) Limited, Class A Preference Shares (2)(5)(11)(17)	8.500%	10/31/49	Utilities	19,811,333	\$ 30,632	\$ 30,439
Playpower Holdings, Inc., Series A Preferred (5)	14.00% PIK	11/15/20	Leisure	49,178	57,428	57,428
<b>TOTAL PREFERRED EQUITY</b>					<b>\$ 88,060</b>	<b>\$ 87,867</b>
<b>EQUITY 16.3%</b>						
<b>Common Equity/Interests 16.3%</b>						
				<b>Shares</b>		
Generation Brands Holdings, Inc. (Quality Home Brands), Basic Common Stock (5)(13)	N/A	N/A	Home and Office Furnishings and Durable Consumer Products	9,007	\$	\$ 5,531
Generation Brands Holdings, Inc. (Quality Home Brands), Series 2L Common Stock (5)(13)	N/A	N/A	Home and Office Furnishings and Durable Consumer Products	36,700	11,242	22,537
Generation Brands Holdings, Inc. (Quality Home Brands), Series H Common Stock (5)(13)	N/A	N/A	Home and Office Furnishings and Durable Consumer Products	7,500	2,298	4,605
LVI Group Investments, LLC, Common Units (5)(13)	N/A	N/A	Environmental Services	212,460	17,505	19,274
Merx Aviation Finance, LLC, Partnership Interest (5)(13)	N/A	N/A	Aviation		152,082	165,072
MSEA Tankers LLC (5)(17)	N/A	N/A	Cargo Transport		33,000	33,000
Playpower Holdings, Inc., Common Stock (5)(13)	N/A	N/A	Leisure	1,000	77,722	74,474

Total Common Equity/Interests	\$ 293,849	\$ 324,493
<b>TOTAL EQUITY</b>	<b>\$ 293,849</b>	<b>\$ 324,493</b>

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2014****(in thousands, except shares)****INVESTMENTS IN CONTROLLED**

	Interest Rate	Maturity Date	Industry	Par Amount (12)	Cost	Fair Value (1)
<b>INVESTMENTS 37.4% (5)(18)</b>						
<b>Total Investments in Controlled Investments</b>					<b>\$ 715,993</b>	<b>\$ 746,444</b>
<b>Total Investments 176.0% (6)(7)</b>					<b>\$ 3,589,572</b>	<b>\$ 3,514,015</b>
<b>Liabilities in Excess of Other Assets (76.0)%</b>						<b>\$ (1,517,324)</b>
<b>Net Assets 100.0%</b>						<b>\$ 1,996,691</b>

(1) Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (see note 2).

(2) Fidji Luxco (BC) S.C.A. is a EUR denominated investment and AMP Solar (UK) Limited is a GBP denominated investment.

(3) Denotes investments where the governing documents of the entity preclude the Company from controlling management of the entity and therefore the Company has determined that the entity is not a controlled affiliate.

(4) Denotes investments in which we are an Affiliated Person, as defined in the 1940 Act, due to owning or holding the power to vote 5% or more of the outstanding voting securities of the investment but not controlling the company. Fair value as of March 31, 2014 and December 31, 2014 along with transactions during the nine months ended December 31, 2014 in these Affiliated investments are as follows:

Name of Issue	Fair Value at March 31, 2014	Gross Additions (Cost)	Gross Reductions (Cost) n	Change in Unrealized Gain (Loss)	Fair Value at December 31, 2014	Net Realized Gain (Loss)	Interest/Dividend/Other Income
AMP Solar Group, Inc., Class A Common Shares	\$	\$ 3,500	\$	\$	\$ 3,500	\$	\$
Aventine Renewable Energy Holdings, Inc., 15.00% (12.00% Cash / 3.00% PIK), 9/23/16	2,405	21	(2,642)	216		116	184
Aventine Renewable Energy Holdings, Inc., 10.50% Cash or 15.00% PIK, 9/22/17	8,884	1,481	(15,306)	4,941			1,503
Aventine Renewable Energy Holdings, Inc., 25.00% PIK, 9/24/16	3,769	238	(4,007)				433
Aventine Renewable Energy Holdings, Inc., Common Stock	99		(688)	589		1,804	
Aventine Renewable Energy Holdings, Inc., Common Stock Warrants	574		(3,996)	3,422		9,713	
Golden Bear Warehouse LLC, Equity		1,226		(275)	951		
Golden Hill CLO I, LLC, Equity	1,097	60,189		1,403	62,689		193



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Highbridge Loan Management 3-2014, Ltd., Class D Notes, L+500, 1/18/25	4,680	21	(4,659)	(42)	(169)	205
Highbridge Loan Management 3-2014, Ltd., Class E Notes, L+600, 1/18/25	2,314	10		(179)	2,145	129
Highbridge Loan Management 3-2014, Ltd., Subordinated Notes, 1/18/25	7,278		(718)	199	6,759	492
Ivy Hill Middle Market Credit Fund IX, Ltd, Subordinated Notes, 10/18/25		11,375			11,375	

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2014****(in thousands)**

<b>Name of Issue</b>	<b>Fair Value at March 31, 2014</b>	<b>Gross Additions (Cost)</b>	<b>Gross Reductions (Cost) n</b>	<b>Change in Unrealized Gain (Loss)</b>	<b>Fair Value at December 31, 2014</b>	<b>Net Realized Gain (Loss)</b>	<b>Interest/ Dividend/ Other Income</b>
Jamestown CLO I LTD, Subordinated Notes, 11/5/24	3,828		(77)	197	3,948		419
MCF CLO I LLC, Class E Notes, L+575, 4/20/23	12,357	14	(12,344)	(27)		(107)	215
MCF CLO I LLC, Membership Interests	40,391		(2,013)	322	38,700		5,440
MCF CLO III LLC, Class E Notes L+445, 1/20/24	11,325	80		(185)	11,220		541
MCF CLO III LLC, Membership Interests, 1/20/24	38,266		(1,404)	2,822	39,684		4,691
Renewable Funding Group, Inc. 0.00%, 9/30/15		1,000			1,000		
Renewable Funding Group, Inc., Series B Preferred Stock		8,750	(1,169)	1,783	9,364		
Slater Mill Loan Fund LP, LP Certificates	7,361		(363)	406	7,404		1,075
	<b>\$ 144,628</b>	<b>\$ 87,905</b>	<b>\$ (49,386)</b>	<b>\$ 15,592</b>	<b>\$ 198,739</b>	<b>\$ 11,357</b>	<b>\$ 15,520</b>

Gross additions includes increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the accretion of discounts, the exchange of one or more existing securities for one or more new securities, the movement of an existing portfolio company into this category from a different category, and the transfers of one or more securities into non-controlled/affiliated. Transfers are assumed to have occurred at the end of the period.

n Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the amortization of premiums, the exchange of one or more existing securities for one or more new securities, the movement of an existing portfolio company out of this category into a different category, and the transfers of one or more securities out of non-controlled/affiliated. Transfers are assumed to have occurred at the end of the period.

As of December 31, 2014, the Company has a 100%, 100%, 26%, 32%, 97%, 98% and 26% equity ownership interest in Golden Bear Warehouse LLC, Golden Hill CLO I, LLC, Highbridge Loan Management, Ltd., Ivy Hill Middle Market Credit Fund IX, Ltd, MCF CLO I LLC, MCF CLO III LLC, and Slater Mill Loan Fund LP, respectively. Investments that the Company owns greater than 25% of the equity and are shown in Non-Controlled/Affiliated have governing documents that preclude the Company from controlling management of the entity and therefore the Company has determined that the entity is not a controlled affiliate.

(5) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Fair value as of March 31, 2014 and December 31, 2014 along with transactions during the nine months ended December 31, 2014 in these Controlled investments are as follows:

See notes to financial statements.

**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2014****(in thousands)**

<b>Name of Issue</b>	<b>Fair Value at March 31, 2014</b>	<b>Gross Additions (Cost)</b>	<b>Gross Reductions (Cost) n</b>	<b>Change in Unrealized Gain (Loss)</b>	<b>Fair Value at December 31, 2014</b>	<b>Net Realized Gain (Loss)</b>	<b>Interest/ Dividend/ Other Income</b>
AMP Solar (UK) Limited, Class A Preference Shares	\$	\$ 30,632	\$	\$ (193)	\$ 30,439	\$	\$ 157
AMP Solar Group, Inc., 15.000%, 7/7/15		3,619	(3,619)			(57)	53
Generation Brands Holdings, Inc. (Quality Home Brands), Basic Common Stock	1,615			3,916	5,531		
Generation Brands Holdings, Inc. (Quality Homes Brands), Series H Common Stock	1,345			3,260	4,605		
Generation Brands Holdings, Inc. (Quality Homes Brands), Series 2L Common Stock	6,582			15,955	22,537		
LVI Group Investments, LLC, Common Units (formerly known as LVI Services, Inc.)	34,020	1,409		(16,155)	19,274		88
LVI Parent Corp. (LVI Services, Inc.), 12.50%, 4/20/14	10,200	187	(10,200)	(187)			269
Merx Aviation Finance, LLC (formerly known as Merx Aviation Finance Holdings II, LLC), (Revolver) 12.00% Funded, 0.00% Unfunded, 10/31/18	282,334	51,750			334,084		29,310
Merx Aviation Finance, LLC (formerly known as Merx Aviation Finance Holdings II, LLC), (Unfunded Revolver) 12.00% Funded, 0.00% Unfunded, 10/31/18							
Merx Aviation Finance Assets Ireland Limited, Letter of Credit, 2.25%, 9/30/15							21
Merx Aviation Finance Assets Ireland Limited, Letter of Credit, 2.25%, 9/30/15							21
Merx Aviation Finance, LLC (formerly known as Merx Aviation Finance Holdings II, LLC), Partnership Interest	140,465	13,500		11,107	165,072		
MSEA Tankers LLC		33,000			33,000		
Playpower Holdings, Inc., Common Stock	53,813			20,661	74,474		187
Playpower Holdings, Inc., Series A Preferred, 14.00% PIK, 11/15/20	51,773	5,655			57,428		5,657
	<b>\$ 582,147</b>	<b>\$ 139,752</b>	<b>\$ (13,819)</b>	<b>\$ 38,364</b>	<b>\$ 746,444</b>	<b>\$ (57)</b>	<b>\$ 35,763</b>

Gross additions includes increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the accretions of discounts, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

See notes to financial statements.

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**APOLLO INVESTMENT CORPORATION**

**SCHEDULE OF INVESTMENTS (unaudited) (continued)**

**December 31, 2014**

**(in thousands)**

n Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the amortization of premiums, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

As of December 31, 2014, the Company has a 100%, 28%, 36%, 100%, 100% and 100% equity ownership interest in AMP Solar (UK) Limited, Generation Brands Holdings, Inc., LVI Group Investments, LLC, Merx Aviation Finance, LLC, MSEA Tankers LLC and Playpower Holdings, Inc., respectively.

(6) Aggregate gross unrealized gain for federal income tax purposes is \$133,152; aggregate gross unrealized loss for federal income tax purposes is \$170,087. Net unrealized loss is \$36,935 based on a tax cost of \$3,550,950.

(7) Substantially all securities are pledged as collateral to our multicurrency revolving credit facility (the Facility). As such these securities are not available as collateral to our general creditors.

(8) The negative fair value is the result of the unfunded commitment or letter of credit being valued below par.

(9) These letters of credit represent multiple commitments made on various dates. As a result, maturity dates may vary and a maturity range has been provided.

(10) Provided that no default has occurred, this investment may elect to pay up to 50% of the interest due on its interest payment date in PIK.

(11) These securities are exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.

(12) Denominated in USD unless otherwise noted, Euro ( € ), British Pound ( £ ), and Canadian Dollar ( CAD ).

(13) Non-income producing security.

(14) Non-accrual status (see note 2).

(15) The investment has a put option attached to it and the combined instrument has been recorded in its entirety at fair value as a hybrid instrument in accordance with ASC 815-15-25-4 with subsequent changes in fair value charged or credited to investment gains/losses for each period.

(16) Denotes debt securities where the Company owns multiple tranches of the same broad asset type but whose security characteristics differ. Such differences may include level of subordination, call protection and pricing, and differing interest rate characteristics, among other factors. Such factors are usually considered in the determination of fair values.

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(17) Investments that the Company has determined are not qualifying assets under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act are subject to change. The Company monitors the status of these assets on an ongoing basis.

(18) The percentage is calculated over net assets.

N/A Not applicable.

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2014****(in thousands)**

<b>Industry Classification</b>	<b>Percentage of Total Investments (at fair value) as of December 31, 2014</b>
Business Services	15.0%
Aviation	14.2%
Oil and Gas	13.6%
Diversified Investment Vehicle	8.7%
Chemicals	4.4%
Financial Services	4.3%
Distribution	4.0%
Leisure	3.8%
Aerospace and Defense	2.9%
Insurance	2.8%
Healthcare	2.2%
Transportation	2.1%
Education	1.8%
Printing and Publishing	1.8%
Utilities	1.8%
Telecommunications	1.8%
Diversified Service	1.6%
Cargo Transport	1.6%
Buildings and Real Estate	1.2%
Restaurants	1.1%
Packing	1.1%
Mining	1.0%
Home and Office Furnishings and Durable Consumer Products	0.9%
Energy	0.9%
Consumer Products	0.9%
Hotels, Motels, Inns and Gaming	0.9%
Grocery	0.8%
Diversified Natural Resources, Precious Metals and Minerals	0.8%
Environmental Services	0.6%
Containers, Packaging, and Glass	0.4%
Broadcasting & Entertainment	0.4%
Finance	0.3%
Electronics	0.1%
Media	0.1%
Cable Television	0.1%
Total Investments	100.0%

See notes to financial statements.



**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS****March 31, 2014****(in thousands)****INVESTMENTS IN NON-**

<b>CONTROLLED/NON-AFFILIATED INVESTMENTS</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Industry</b>	<b>Par Amount (10)</b>	<b>Cost</b>	<b>Fair Value (1)</b>
<b>134.1% (17)</b>						
<b>CORPORATE DEBT 125.9%</b>						
<b>SECURED DEBT 80.0%</b>						
<b>1st Lien Secured Debt 32.5%</b>						
Archroma (15)	9.50% (L+825, 1.25% Floor)	10/1/18	Chemicals	\$ 35,422	\$ 34,762	\$ 35,511
Avanti Communication Group PLC(9)(15)	10.000%	10/1/19	Telecommunications	9,000	9,000	9,608
Aveta, Inc.	9.75% (L+825, 1.50% Floor)	12/12/17	Healthcare	59,951	58,535	60,325
Caza Petroleum, Inc.	12.00% (L+1000, 2.00% Floor)	5/23/17	Oil and Gas	35,000	33,988	33,845
Charming Charlie LLC	9.00% (L+800, 1.00% Floor)	12/24/19	Retail	5,305	5,241	5,315
Confie Seguros Holding II Co., (Revolver) (14)	6.75% (P+350) Funded, 0.50% Unfunded	12/10/18	Insurance	240	240	218
Delta Educational Systems, Inc.	16.00% (8.00% Cash/8.00% PIK)	12/11/16	Education	5,437	5,437	5,437
Endeavour International Corp. (14)(15)	12.000%	3/1/18	Oil and Gas	18,262	17,960	17,760
Endeavour International Corp. (14)(15)	8.25% (L+700, 1.25% Floor)	11/30/17	Oil and Gas	3,157	3,105	3,126
Endeavour International Corp. (14)(15)	8.25% (L+700, 1.25% Floor)	11/30/17	Oil and Gas	4,412	4,338	4,368
Evergreen Tank Solutions, Inc.	9.50% (L+800, 1.50% Floor)	9/28/18	Containers, Packaging, and Glass	41,771	41,260	41,980
Great Bear Petroleum Operating, LLC	12.000%	10/1/17	Oil and Gas	4,464	4,464	4,464
Hunt Companies, Inc.(9)	9.625%	3/1/21	Buildings and Real Estate	41,210	40,701	42,807
Lee Enterprises, Inc(9)(15)	9.500%	3/15/22	Media	25,000	25,000	25,844
Magnetation, LLC (9)	11.000%	5/15/18	Mining	16,400	16,458	18,450
Maxus Capital Carbon SPE I, LLC (Skyonic Corp.)	13.000%	9/18/19	Chemicals	60,000	60,000	60,000
Molycorp, Inc. (15)	10.000%	6/1/20	Diversified Natural Resources, Precious Metals and Minerals	35,849	35,532	35,547
My Alarm Center, LLC (14)	8.50% (L+750, 1.00% Floor)	1/9/18	Business Services	42,614	42,614	42,614
My Alarm Center, LLC (14)	8.50% (L+750, 1.00% Floor)	1/9/18	Business Services	2,930	2,930	2,930
Osage Exploration & Development, Inc. (15)	17.00% (L+1500, 2.00% Floor)	4/27/15	Oil and Gas	20,000	19,752	20,040
Panda Sherman Power, LLC	9.00% (L+750, 1.50% Floor)	9/14/18	Energy	15,000	14,821	15,450
Panda Temple Power, LLC	11.50% (L+1000, 1.50% Floor)	7/17/18	Energy	25,500	25,099	26,169
Pelican Energy, LLC (15)	10.00% (7.00% Cash / 3.00% PIK)	12/31/18	Oil and Gas	19,330	18,634	19,717

See notes to financial statements.





**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2014****(in thousands)****INVESTMENTS IN NON-****CONTROLLED/NON-AFFILIATED****INVESTMENTS 134.1% (17)****1st Lien Secured Debt 32.5% (continued)**

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Industry</b>	<b>Par Amount (10)</b>	<b>Cost</b>	<b>Fair Value (1)</b>
Reichhold Holdings International B.V. (15)	10.75% (L+975, 1.00% Floor)	12/19/16	Chemicals	\$ 22,500	\$ 22,500	\$ 22,500
Sand Waves, S.A. (Endeavour Energy UK Limited) (15)	9.750%	12/31/15	Oil and Gas	12,500	12,500	12,500
Southern Pacific Resource Corp. (15)	11.00% (L+1000, 1.00% Floor)	3/29/19	Oil and Gas	9,080	8,808	9,216
Spotted Hawk Development, LLC (15)	14.00% (13.00% Cash/1.00% PIK)	6/30/16	Oil and Gas	24,308	23,712	23,615
Sunrun Solar Owner IX, LLC	9.079%	12/31/24	Energy	3,622	3,466	3,467
<b>1st Lien Secured Debt 32.5% (continued)</b>						
Travel Leaders Group, LLC	7.00% (L+600, 1.00% Floor)	12/5/18	Business Services	2,568	2,414	2,548
	10.25% (L+925, 1.00% Floor)					
	Funded, 2.00%					
UniTek Global Services, Inc., (Revolver)(14)	Unfunded	4/15/16	Telecommunications	44,802	44,802	44,802
Walter Energy, Inc.(9)(15)	9.500%	10/15/19	Mining	17,000	17,307	17,345
<b>Total 1st Lien Secured Debt</b>					<b>\$ 655,380</b>	<b>\$ 667,518</b>

**Unfunded Revolver Obligations (0.4)%**

Avaya, Inc. (8)	L+275 Funded, 0.50% Unfunded	10/26/16	Telecommunications	\$ 36,785	\$ (5,203)	\$ (3,035)
BMC Software Inc. (8)	L+400 Funded, 0.50% Unfunded	9/10/18	Business Services	30,760	(3,243)	(2,307)
Confie Seguros Holding II Co. (8)(14)	P+350 Funded, 0.50% Unfunded	12/10/18	Insurance	3,627	(450)	(326)
Laureate Education, Inc. (8)(15)	L+375 Funded, 0.625% Unfunded	6/16/16	Education	28,880	(2,888)	(2,599)
Reichhold Holdings International B.V. (15)	L+600 Funded, 1.50% Unfunded	12/19/16	Chemicals	12,500		
Salix Pharmaceuticals, Ltd. (8)(15)	L+300 Funded, 0.50% Unfunded	1/2/19	Healthcare	25,000	(1,923)	(125)
UniTek Global Services Inc., (14)	L+925 Funded, 2.00% Unfunded	4/15/16	Telecommunications	18,052		
<b>Total Unfunded Revolver Obligations</b>					<b>\$ (13,707)</b>	<b>\$ (8,392)</b>

**Letters of Credit (0.0)%**

Confie Seguros Holding II Co., Letter of Credit (8)(14)	4.500%	10/27/14	Insurance	\$ 600	\$	\$ (54)
Confie Seguros Holding II Co., Letter of Credit (8)(14)	4.500%	1/13/15	Insurance	33		(3)
UniTek Global Services Inc., Letter of Credit (14)	9.250%	3/26/15	Telecommunications	3,000		
UniTek Global Services Inc., Letter of Credit (14)	9.250%	3/18/15	Telecommunications	1,000		
UniTek Global Services Inc., Letter of Credit (14)	9.250%	3/18/15	Telecommunications	2,700		
UniTek Global Services Inc., Letter of Credit (14)	9.250%	12/15/14	Telecommunications	5,446		

**Total Letters of Credit** \$ \$ **(57)**

See notes to financial statements.

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**APOLLO INVESTMENT CORPORATION**  
**SCHEDULE OF INVESTMENTS (continued)**

**March 31, 2014**

(in thousands)

**INVESTMENTS IN NON-**

<b>CONTROLLED/NON-AFFILIATED INVESTMENTS 134.1% (17)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Industry</b>	<b>Par Amount (10)</b>	<b>Cost</b>	<b>Fair Value (1)</b>
<b><u>2nd Lien Secured Debt 47.9%</u></b>						
Active Network, Inc.	9.50% (L+850, 1.00% Floor)	11/15/21	Business Services	\$ 25,000	\$ 24,879	\$ 25,344
Applied Systems, Inc.	7.50% (L+650, 1.00% Floor)	1/24/22	Business Services	9,110	9,043	9,281
Aptean, Inc.	8.50% (L+750, 1.00% Floor)	2/26/21	Business Services	11,322	11,153	11,478
Armor Holdings, Inc. (American Stock Transfer and Trust Company)	10.25% (L+900, 1.25% Floor)	12/26/20	Financial Services	8,000	7,851	8,000
Asurion Corporation	8.50% (L+750, 1.00% Floor)	3/3/21	Insurance	90,400	89,050	93,413
Bennu Oil & Gas, LLC	10.25% (L+900, 1.25% Floor)	11/1/18	Oil and Gas	8,999	8,927	9,123
BJ's Wholesale Club, Inc.	8.50% (L+750, 1.00% Floor)	3/26/20	Retail	20,000	19,904	20,537
Brock Holdings III, Inc.	10.00% (L+825, 1.75% Floor)	3/16/18	Environmental Services	19,500	19,245	19,805
Confie Seguros Holding II Co.	10.25% (L+900, 1.25% Floor)	5/8/19	Insurance	27,344	27,096	27,566
Consolidated Precision Products Corp.	8.75% (L+775, 1.00% Floor)	4/30/21	Aerospace and Defense	8,940	8,897	9,096
Del Monte Foods Co	8.25% (L+725, 1.00% Floor)	8/18/21	Beverage, Food, and Tobacco	12,140	12,019	12,110
Deltek, Inc.	10.00% (L+875, 1.25% Floor)	10/10/19	Business Services	27,273	27,023	27,887
Elements Behavioral Health, Inc.	9.25% (L+825, 1.00% Floor)	2/11/20	Healthcare	9,500	9,407	9,500
Flexera Software LLC	8.00% (L+700, 1.00% Floor)	4/2/21	Business Services	7,000	6,965	7,053
Garden Fresh Restaurant Corp. (14)	7.25% (L+575 Floor), 1.50% PIK	1/1/19	Restaurants	7,661	5,618	5,210
Garden Fresh Restaurant Corp. (14)	14.50% (L+1300 PIK, 1.50% Floor)	1/1/19	Restaurants	34,513	32,326	30,716
GCA Services Group, Inc.	9.25% (L+800, 1.25% Floor)	11/1/20	Diversified Service	22,838	22,940	23,194
Grocery Outlet, Inc.	10.50% (L+925, 1.25% Floor)	6/17/19	Grocery	8,674	8,526	8,847
HD Vest Inc. (15)	9.25% (L+800, 1.25% Floor)	6/18/19	Financial Services	9,396	9,290	9,302
Healogics, Inc.	9.25% (L+800, 1.25% Floor)	2/5/20	Healthcare	10,000	10,109	10,242
IMG Worldwide, Inc.	8.25% (L+725, 1.00% Floor)	3/21/22	Leisure	2,167	2,145	2,199
Insight Pharmaceuticals, LLC	13.25% (L+1175, 1.50% Floor)	8/25/17	Consumer Products	15,448	15,243	15,139
Kronos, Inc.	9.75% (L+850, 1.25% Floor)	4/30/20	Business Services	92,516	91,531	96,332

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2014****(in thousands)****INVESTMENTS IN NON-****CONTROLLED/NON-AFFILIATED****INVESTMENTS 134.1% (17)****2nd Lien Secured Debt 47.9% (continued)**

	Interest Rate	Maturity Date	Industry	Par Amount (10)	Cost	Fair Value (1)
Landslide Holdings, Inc.	8.25% (L+725, 1.00% Floor)	2/25/21	Business Services	\$ 5,630	\$ 5,588	\$ 5,672
Learfield Communications, Inc.	8.75% (L+775, 1.00% Floor)	10/8/21	Media	15,000	14,856	15,375
Miller Energy Resources, Inc. (15)	11.75% (L+975, 2.00% Floor)	2/3/18	Oil and Gas	87,500	85,804	85,750
Ranpak Corp.	8.50% (L+725, 1.25% Floor)	4/23/20	Packaging	22,000	21,802	22,522
River Cree Enterprises LP (9)(15)	11.000%	1/20/21	Hotels, Motels, Inns and Gaming	CAD 33,000	31,110	31,767
SESAC Holdco II LLC	10.00% (L+875, 1.25% Floor)	4/9/14	Broadcasting & Entertainment	\$ 10,750	10,758	10,978
Sprint Industrial Holdings, LLC	11.25% (L+1000, 1.25% Floor)	11/14/19	Containers, Packaging, and Glass	14,163	13,928	14,305
SquareTwo Financial Corp. (Collect America, Ltd.) (15)	11.625%	4/1/17	Financial Services	61,079	59,929	61,690
Stadium Management Corp	9.25% (L+825, 1.00% Floor)	2/27/21	Business Services	19,900	19,900	20,348
Tectum Holdings, Inc.	10.25% (P+700, 3.25% Floor)	3/12/19	Auto Sector	17,670	17,582	17,626
Transfirst Holdings, Inc.	7.50% (L+650, 1.00% Floor)	6/27/18	Financial Services	59,750	59,601	60,422
TriMark USA, LLC	10.00% (L+900, 1.00% Floor)	8/12/19	Distribution	27,000	26,470	27,338
U.S. Renal Care, Inc. (14)	10.25% (L+900, 1.25% Floor)	1/3/20	Healthcare	11,927	11,980	12,195
U.S. Renal Care, Inc. (14)	8.50% (L+750, 1.00% Floor)	7/3/20	Healthcare	12,120	11,930	12,325
Velocity Technology Solutions, Inc.	9.00% (L+775, 1.25% Floor)	9/28/20	Business Services	16,500	16,170	16,170
Vertafore, Inc.	9.75% (L+825, 1.50% Floor)	10/27/17	Business Services	50,436	50,167	51,397
Walter Energy, Inc. (9)(15)	11.000%	4/1/20	Mining	27,798	26,308	25,192

<b>Total 2nd Lien Secured Debt</b>				<b>\$ 963,070</b>	<b>\$ 982,446</b>	
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<b>TOTAL SECURED DEBT</b>				<b>\$ 1,604,743</b>	<b>\$ 1,641,515</b>	
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**UNSECURED DEBT 45.9%**

Altegrity, Inc. (14)	0.000% (12.5% effective)	8/2/16	Diversified Service	\$ 3,545	\$ 2,664	\$ 957
			Diversified			
Altegrity, Inc. (9)(14)	12.000%	11/1/15	Service	14,667	14,667	13,567
American Energy Utica, LLC (9)	3.500%	3/1/21	Oil and Gas	10,868	10,868	11,031
American Tire Distributors, Inc. (9)(14)	11.500%	6/1/18	Distribution	25,000	25,000	25,700

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American Tire Distributors, Inc. (14)	11.500%	6/1/18	Distribution	40,000	39,321	41,120
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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2014****(in thousands)****INVESTMENTS IN NON-**

<b>CONTROLLED/NON-AFFILIATED INVESTMENTS 134.1% (17)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Industry</b>	<b>Par Amount (10)</b>	<b>Cost</b>	<b>Fair Value (1)</b>
<b>UNSECURED DEBT 45.9% (continued)</b>						
Artsonig Pty Ltd (9)(15)	11.500%	4/1/19	Transportation	\$ 20,000	\$ 19,701	\$ 20,025
BCA Osprey II Limited (British Car Auctions) (14)(15)	12.50% PIK	8/17/17	Transportation	12,721	17,489	18,102
BCA Osprey II Limited (British Car Auctions) (14)(15)	12.50% PIK	8/17/17	Transportation	£ 20,948	33,173	36,058
Ceridian Corp. (9)(14)	11.000%	3/15/21	Diversified Service	\$ 34,000	34,000	39,335
Ceridian Corp. (14)	11.250%	11/15/15	Diversified Service	35,800	35,800	36,154
	12.25% Cash					
	(12.25% Cash or					
Ceridian Corp. (14)	13.00% PIK)	11/15/15	Diversified Service	14,420	14,420	14,562
CRC Health Corp.	10.750%	2/1/16	Healthcare	13,000	13,079	13,077
	16.00% (10.00%					
	Cash/6.00% PIK)					
Delta Educational Systems, Inc.	12.250%	5/12/17	Education	21,684	21,353	20,708
Denver Parent Corp. (Venoco) (9)	15.000%	8/15/18	Oil and Gas	15,000	14,633	15,150
Energy & Exploration Partners, Inc. (14)	15.000%	4/8/18	Oil and Gas	25,000	22,410	23,750
Energy & Exploration Partners, Inc. (14)	15.000%	12/12/18	Oil and Gas	4,464	4,263	4,241
Energy & Exploration Partners, Inc. (14)	15.000%	12/12/18	Oil and Gas	2,679	2,469	2,545
Energy & Exploration Partners, Inc. (14)	15.000%	3/27/19	Oil and Gas	8,036	7,650	7,634
Exova Limited (14)(15)	10.50%	5/20/14	Business Services	£ 4,655	6,606	8,537
Exova Limited (9)(14)(15)	10.50%	5/20/14	Business Services	18,000	28,165	33,010
First Data Corp. (14)	10.625%	6/15/21	Financial Services	\$ 10,000	10,000	11,288
First Data Corp. (14)	11.250%	1/15/21	Financial Services	67,000	66,977	76,548
First Data Corp. (14)	12.625%	1/15/21	Financial Services	5,000	5,641	5,963
inVentiv Health, Inc. (9)	11.000%	8/15/18	Healthcare	106,500	106,500	98,646
	16.25% (12.00%					
	Cash/4.25%PIK)					
My Alarm Center, LLC	13.000%	7/9/18	Business Services	4,101	4,101	4,101
Niacet Corporation	8.625%	8/28/18	Chemicals	12,500	12,500	12,625
PetroBakken Energy Ltd. (9)(15)	10.250%	2/1/20	Oil and Gas	44,082	44,390	44,206
Prospect Holding Company LLC (9)		10/1/18	Financial Services	20,000	19,106	19,450
			Broadcasting &			
Radio One, Inc. (9)(15)	9.250%	2/15/20	Entertainment	14,804	14,804	15,778
Symbion, Inc.	11.000%	8/23/15	Healthcare	8,488	8,501	8,538
			Environmental			
			Services			
Tervita Corporation (9)(15)	10.875%	2/15/18	Business Services	22,438	21,739	22,662
U.S. Security Associates Holdings, Inc.	11.000%	7/28/18	Business Services	135,000	135,000	139,590
Univar, Inc.	10.500%	6/30/18	Distribution	20,000	20,000	19,960
Varietal Distribution (9)(14)	10.750%	6/30/17	Distribution	22,204	21,908	22,426
Varietal Distribution (9)(14)	10.750%	6/30/17	Distribution	11,574	15,092	16,111
Venoco, Inc.	8.875%	2/15/19	Oil and Gas	\$ 38,050	38,463	38,573
<b>TOTAL UNSECURED DEBT</b>					<b>\$ 912,453</b>	<b>\$ 941,728</b>
<b>TOTAL CORPORATE DEBT</b>					<b>\$ 2,517,196</b>	<b>\$ 2,583,243</b>

See notes to financial statements.





**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2014****(in thousands)****INVESTMENTS IN NON-**

<b>CONTROLLED/NON-AFFILIATED INVESTMENTS 134.1% (17)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Industry</b>	<b>Par Amount (10)</b>	<b>Cost</b>	<b>Fair Value (1)</b>
<b>STRUCTURED PRODUCTS AND OTHER 3.9%</b>						
Craft 2013-1, Credit Linked Note (15)	9.49% (L+925)	4/17/22	Diversified Investment Vehicle	\$ 20,000	\$ 20,000	\$ 19,802
Dark Castle Holdings, LLC	N/A	N/A	Media	25,302	2,094	3,077
JP Morgan Chase & Co., Credit-Linked Note (15)	12.50% (L+1225)	12/20/21	Diversified Investment Vehicle	43,250	43,010	42,935
Renaissance Umiat, LLC, ACES (13)(14)(15)	N/A	N/A	Oil and Gas		7,153	7,799
Renaissance Umiat, LLC, ACES (13)(14)(15)	N/A	N/A	Oil and Gas		6,351	6,391
<b>TOTAL STRUCTURED PRODUCTS AND OTHER</b>					<b>\$ 78,608</b>	<b>\$ 80,004</b>

				<b>Shares</b>		
<b>PREFERRED EQUITY 2.0%</b>						
CA Holding, Inc. (Collect America, Ltd.), Series A Preferred Stock (11)(15)	N/A	N/A	Financial Services	7,961	\$ 788	\$ 1,592
Crowley Holdings, Series A Preferred Stock	12.00% (10.00% Cash / 2.00% PIK)	N/A	Cargo Transport	22,500	22,623	22,620
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Preferred Stock (12)	13.50% PIK	N/A	Education	12,360	27,685	13,802
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Preferred Stock (12)	12.50% PIK	N/A	Education	332,500	6,863	
Varietal Distribution Holdings, LLC, Class A Preferred Unit	8.00% PIK	N/A	Distribution	3,097	5,288	3,275
<b>TOTAL PREFERRED EQUITY</b>					<b>\$ 63,247</b>	<b>\$ 41,289</b>

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2014****(in thousands, except shares and warrants)****INVESTMENTS IN NON-CONTROLLED/  
NON-AFFILIATED INVESTMENTS 134.1%****EQUITY 2.3%****Common Equity/Interests 1.8%**

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Industry</b>	<b>Shares</b>	<b>Cost</b>	<b>Fair Value (1)</b>
Accelerate Parent Corp. (American Tire Distributors), Common Stock (11)	N/A	N/A	Distribution	3,225,514	\$ 3,276	\$ 4,710
AHC Mezzanine, LLC (Advanstar), Common Stock (11)	N/A	N/A	Media	25,016	1,063	350
Altegrity Holding Corp., Common Stock (11)	N/A	N/A	Diversified Service	353,399	13,797	
CA Holding, Inc. (Collect America, Ltd.), Series A Common Stock (11)(15)	N/A	N/A	Financial Services	25,000	2,500	1,380
CA Holding, Inc. (Collect America, Ltd.), Series AA Common Stock (11)(15)	N/A	N/A	Financial Services	4,294	430	859
Caza Petroleum, Inc., Net Profits Interest (11)	N/A	N/A	Oil and Gas		940	946
Caza Petroleum, Inc., Overriding Royalty Interest (11)	N/A	N/A	Oil and Gas		265	228
Clothesline Holdings, Inc. (Angelica Corporation), Common Stock (11)	N/A	N/A	Healthcare	6,000	6,000	3,282
Explorer Coinvest, LLC (Booz Allen), Common Stock (11)(15)	N/A	N/A	Business Services	340,090	2,603	6,958
Garden Fresh Restaurant Holdings, LLC., Common Stock (11)	N/A	N/A	Restaurants	50,000	5,000	138
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Common Stock (11)	N/A	N/A	Education	17,500	175	
GS Prysmian Co-Invest L.P. (Prysmian Cables & Systems), Limited Partnership (2)(3)(11)(15)	N/A	N/A	Manufacturing			17
JV Note Holdco, LLC (DSI Renal Inc.), Common Equity / Interest (11)	N/A	N/A	Healthcare	9,303	85	
Pelican Energy, LLC, Net Profit Interest (11)(15)	N/A	N/A	Oil and Gas	696,656	697	477
RC Coinvestment, LLC (Ranpak Corp.), Common Stock (11)	N/A	N/A	Packaging	50,000	5,000	7,674
Sorenson Communications Holdings, LLC, Class A, Common Stock (11)	N/A	N/A	Consumer Products	454,828	45	61
Univar Inc., Common Stock (11)	N/A	N/A	Distribution	900,000	9,000	9,680
Varietal Distribution Holdings, LLC, Class A Common Unit (11)	N/A	N/A	Distribution	28,028	28	
<b>Total Common Equity/Interests</b>					<b>\$ 50,904</b>	<b>\$ 36,760</b>

**Warrants****Warrants 0.5%**

CA Holding, Inc. (Collect America, Ltd.), Common Stock Warrants (11)(15)	N/A	N/A	Financial Services	7,961	\$ 8	\$
Energy & Exploration Partners, Inc., Common Stock Warrants (11)	N/A	N/A	Oil and Gas	60,778	2,374	1,829
Fidji Luxco (BC) S.C.A., Common Stock Warrants (2)(11)(15)	N/A	N/A	Electronics	18,113	182	5,069
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Common Stock (11)	N/A	N/A	Education	9,820	98	

See notes to financial statements.

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**APOLLO INVESTMENT CORPORATION**  
**SCHEDULE OF INVESTMENTS (continued)**

**March 31, 2014**

(in thousands, except shares and warrants)

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED INVESTMENTS 134.1% (17)	Interest Rate	Maturity Date	Industry	Warrants	Cost	Fair Value (1)
<b>Warrants 0.5% (continued)</b>						
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Class A-1 Preferred Stock Warrants (11)	N/A	N/A	Education	45,947	\$ 459	\$
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Class B-1 Preferred Stock Warrants (11)	N/A	N/A	Education	104,314	1,043	
Osage Exploration & Development, Inc., Common Stock Warrants (11)(15)	N/A	N/A	Oil and Gas	1,496,843		1,398
Spotted Hawk Development, LLC, Common Stock Warrants (11)(15)	N/A	N/A	Oil and Gas	54,545	852	2,304
<b>Total Warrants</b>					<b>\$ 5,016</b>	<b>\$ 10,600</b>
<b>TOTAL EQUITY</b>					<b>\$ 55,920</b>	<b>\$ 47,360</b>
<b>Total Investments in Non-Controlled/ Non-Affiliated Investments</b>					<b>\$ 2,714,971</b>	<b>\$ 2,751,896</b>

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2014****(in thousands, except shares and warrants)**

<b>INVESTMENTS IN NON-CONTROLLED/ AFFILIATED INVESTMENTS</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Industry</b>	<b>Par Amount (10)</b>	<b>Cost</b>	<b>Fair Value (1)</b>
<b>7.0%(4)(17)</b>						
<b>CORPORATE DEBT 0.7%</b>						
<b>SECURED DEBT 0.7%</b>						
<b>1st Lien Secured Debt 0.7%</b>						
Aventine Renewable Energy Holdings, Inc. (4)(14)	15.00% (12.00% Cash/3.00% PIK)	9/23/16	Chemicals	\$ 2,737	\$ 2,621	\$ 2,405
Aventine Renewable Energy Holdings, Inc. (4)(14)	15.00% PIK or	9/22/17	Chemicals	14,068	16,391	8,884
Aventine Renewable Energy Holdings, Inc. (4)(14)	25.00% PIK	9/24/16	Chemicals	3,769	3,769	3,769
<b>Total 1st Lien Secured Debt</b>					<b>\$ 22,781</b>	<b>\$ 15,058</b>
<b>TOTAL SECURED DEBT</b>					<b>\$ 22,781</b>	<b>\$ 15,058</b>
<b>TOTAL CORPORATE DEBT</b>					<b>\$ 22,781</b>	<b>\$ 15,058</b>
<b>STRUCTURED PRODUCTS AND OTHER 6.3%</b>						
Golden Hill CLO I, LLC, Equity (4)(15)(16)	N/A	N/A	Diversified Investment Vehicle	\$ 1,097	\$ 1,631	\$ 1,097
Highbridge Loan Management 3-2014, Ltd., Class D Notes (4)(14)(15)(16)	5.22%(L+500)	1/18/25	Diversified Investment Vehicle	5,000	4,638	4,680
Highbridge Loan Management 3-2014, Ltd., Class E Notes (4)(14)(15)(16)	6.22%(L+600)	1/18/25	Diversified Investment Vehicle	2,485	2,263	2,314
Highbridge Loan Management 3-2014, Ltd., Subordinated Notes (4)(14)(15)(16)	N/A	1/18/25	Diversified Investment Vehicle	8,163	7,527	7,278
Jamestown CLO I LTD, Subordinated Notes (4)(15)(16)	N/A	11/5/24	Diversified Investment Vehicle	4,325	3,553	3,828
MCF CLO I LLC, Class E Notes (4)(15)(16)	5.99%(L+575)	4/20/23	Diversified Investment Vehicle	13,000	12,330	12,357
MCF CLO I LLC, Membership Interests (4)(15)(16)	N/A	N/A	Diversified Investment Vehicle	38,918	37,560	40,391
MCF CLO III LLC, Class E Notes (4)(15)(16)	4.81%(L+445)	1/20/24	Diversified Investment Vehicle	12,750	11,349	11,325
MCF CLO III LLC, Membership Interests (4)(15)(16)	N/A	1/20/24	Diversified Investment Vehicle	41,900	39,183	38,266
Slater Mill Loan Fund LP, LP Certificates (4)(15)(16)	N/A	N/A	Diversified Investment Vehicle	8,375	6,222	7,361
<b>TOTAL STRUCTURED PRODUCTS AND OTHER</b>					<b>\$ 126,256</b>	<b>\$ 128,897</b>
<b>EQUITY 0.0%</b>						
<b>Common Equity/Interests 0.0%</b>						
Aventine Renewable Energy Holdings, Inc., Common Stock (4)(11)	N/A	N/A	Chemicals	262,036	\$ 688	\$ 99
<b>Total Common Equity/Interests</b>					<b>\$ 688</b>	<b>\$ 99</b>
<b>Warrants 0.0%</b>						
Aventine Renewable Energy Holdings, Inc., Common Stock Warrants (4)(11)	N/A	N/A	Chemicals	1,521,193	\$ 3,996	\$ 574

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<b>Total Warrants</b>	<b>\$ 3,996</b>	<b>\$ 574</b>
<b>TOTAL EQUITY</b>	<b>\$ 4,684</b>	<b>\$ 673</b>
<b>Total Investments in Non-Controlled/Affiliated Investments</b>	<b>\$ 153,721</b>	<b>\$ 144,628</b>

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2014****(in thousands, except shares)**

<b>INVESTMENTS IN CONTROLLED INVESTMENTS 28.4%(5)(17)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Industry</b>	<b>Par Amount (10)</b>	<b>Cost</b>	<b>Fair Value (1)</b>
<b><u>CORPORATE DEBT 14.3%</u></b>						
<b><u>SECURED DEBT 14.3%</u></b>						
<b><u>1st Lien Secured Debt 13.8%</u></b>						
Merx Aviation Finance Holdings II, LLC (Revolver) (5)	12.00% Funded, 0.00% Unfunded	10/31/18	Aviation	\$ 282,334	\$ 282,334	\$ 282,334
<b>Total 1st Lien Secured Debt</b>					<b>\$ 282,334</b>	<b>\$ 282,334</b>
<b><u>Unfunded Revolver Obligation 0.0%</u></b>						
Merx Aviation Finance Holdings II, LLC (5)	12.00% Funded, 0.00% Unfunded	10/31/18	Aviation	\$ 117,666	\$	\$
<b>Total Unfunded Revolver Obligation</b>					<b>\$</b>	<b>\$</b>
<b><u>Letters of Credit 0.0%</u></b>						
Merx Aviation Finance Assets Ireland Limited, LLC, Letter of Credit (5)	2.250%	9/30/14	Aviation	\$ 1,800	\$	\$
Merx Aviation Finance Assets Ireland Limited, LLC, Letter of Credit (5)	2.250%	9/30/14	Aviation	1,800		
<b>Total Letters of Credit</b>					<b>\$</b>	<b>\$</b>
<b><u>2nd Lien Secured Debt 0.5%</u></b>						
LVI Parent Corp. (LVI Services, Inc.) (5)	12.500%	4/20/14	Environmental Services	\$ 10,000	\$ 10,013	\$ 10,200
<b>Total 2nd Lien Secured Debt</b>					<b>\$ 10,013</b>	<b>\$ 10,200</b>
<b>TOTAL SECURED DEBT</b>					<b>\$ 292,347</b>	<b>\$ 292,534</b>
<b>TOTAL CORPORATE DEBT</b>					<b>\$ 292,347</b>	<b>\$ 292,534</b>
<b>Shares</b>						
<b><u>PREFERRED EQUITY 2.5%</u></b>						
Playpower Holdings, Inc., Series A Preferred (5)	14.00% PIK	11/15/20	Leisure	49,178	\$ 51,773	\$ 51,773
<b>TOTAL PREFERRED EQUITY</b>					<b>\$ 51,773</b>	<b>\$ 51,773</b>
<b><u>EQUITY 11.6%</u></b>						
<b><u>Common Equity/Interests 11.6%</u></b>						
<b>Shares</b>						
Generation Brands Holdings, Inc. (Quality Home Brands), Basic Common Stock (5)(11)	N/A	N/A	Home and Office Furnishings and Durable Consumer Products	9,007	\$	\$ 1,615
Generation Brands Holdings, Inc. (Quality Home Brands), Series H Common Stock (5)(11)	N/A	N/A	Home and Office Furnishings and Durable Consumer Products	7,500	2,297	1,345

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Generation Brands Holdings, Inc. (Quality Home Brands), Series 2L Common Stock (5)(11)	N/A	N/A	Home and Office Furnishings and Durable Consumer Products	36,700	11,242	6,582
LVI Parent Corp., Common Stock (5)(11)	N/A	N/A	Environmental Services	14,981	16,097	34,020
Merx Aviation Finance Holdings II, LLC, Partnership Interest (5)(11)	N/A	N/A	Aviation		138,582	140,465

See notes to financial statements.

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**APOLLO INVESTMENT CORPORATION**  
**SCHEDULE OF INVESTMENTS (continued)**

**March 31, 2014**

(in thousands)

**INVESTMENTS IN CONTROLLED**

INVESTMENTS 28.4%(5)(17) Common Equity/Interests 11.6% (continued)	Interest Rate	Maturity Date	Industry	Shares	Cost	Fair Value (1)
Playpower Holdings, Inc., Common Stock (5)(11)	N/A	N/A	Leisure	1,000	77,722	53,813
<b>Total Common Equity/Interests</b>					<b>\$ 245,940</b>	<b>\$ 237,840</b>
<b>TOTAL EQUITY</b>					<b>\$ 245,940</b>	<b>\$ 237,840</b>
<b>Total Investments in Controlled Investments</b>					<b>\$ 590,060</b>	<b>\$ 582,147</b>
<b>Total Investments 169.5%(6)(7)</b>					<b>\$ 3,458,752</b>	<b>\$ 3,478,671</b>
<b>Liabilities in Excess of Other Assets (69.5)%</b>						<b>\$ (1,427,061)</b>
<b>Net Assets 100.0%</b>						<b>\$ 2,051,611</b>

(1) Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (see note 2).

(2) GS Prysmian Co-Invest L.P. and Fidji Luxco (BC) S.C.A. are EUR denominated investments.

(3) The Company is the sole Limited Partner in GS Prysmian Co-Invest L.P.

(4) Denotes investments in which we are an Affiliated Person, as defined in the 1940 Act, due to owning or holding the power to vote 5% or more of the outstanding voting securities of the investment but not controlling the company. Fair value as of March 31, 2013 and March 31, 2014 along with transactions during the fiscal year ended March 31, 2014 in these Affiliated investments are as follows:

Name of Issue	Fair Value at March 31, 2013	Gross Additions (Cost)	Gross Reductions (Cost) n	Change in Unrealized Gain (Loss)	Fair Value at March 31, 2014	Net Realized Gain (Loss)	Interest/Dividend/Other Income
Aventine Renewable Energy Holdings, Inc., 15.00% (12.00% Cash/3.00% PIK), 9/23/16	\$ 3,866	\$ 85	\$ (1,314)	\$ (232)	\$ 2,405	\$	\$ 607
Aventine Renewable Energy Holdings, Inc., 10.50% Cash or 15.00% PIK, 9/22/17	9,682	1,965	(1,581)	(1,182)	8,884		370
Aventine Renewable Energy Holdings, Inc., 25.00% PIK, 9/24/16	N/A	5,347	(1,578)		3,769		1,044
Aventine Renewable Energy Holdings, Inc., Common Stock	2,347		(3,996)	1,748	99		
	N/A	3,996		(3,422)	574		

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Aventine Renewable Energy Holdings, Inc., Common Stock Warrants					
Golden Hill CLO I, LLC, Equity	N/A	1,631	(534)	1,097	
Highbridge Loan Management 3-2014, Ltd., Class D Notes L+500, 1/18/25	N/A	4,638	42	4,680	49
Highbridge Loan Management 3-2014, Ltd., Class E Notes L+600, 1/18/25	N/A	2,264	50	2,314	29
Highbridge Loan Management 3-2014, Ltd., Subordinated Notes, 1/18/25	N/A	7,527	(249)	7,278	96
Highbridge Loan, Ltd., Preference Shares	6,174	6,655	(12,829)		1,876

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2014****(in thousands)**

<b>Name of Issue</b>	<b>Fair Value at March 31, 2013</b>	<b>Gross Additions (Cost)</b>	<b>Gross Reductions (Cost) n</b>	<b>Change in Unrealized Gain (Loss)</b>	<b>Fair Value at March 31, 2014</b>	<b>Net Realized Gain (Loss)</b>	<b>Interest/ Dividend/ Other Income</b>
Jamestown CLO I LTD, Class C L+400, 11/5/24	1,109	3	(1,027)	(85)		71	30
Jamestown CLO I LTD, Class D L+550, 11/5/24	3,537	13	(3,386)	(164)		250	139
Jamestown CLO I LTD, Subordinated Notes, 11/5/24	13,568		(10,501)	761	3,828	1,757	1,473
Kirkwood Fund II LLC, Common Interest	43,144		(41,067)	(2,077)			5,923
MCF CLO I LLC, Class E Notes, L+575, 4/20/23	12,273	52		32	12,357		854
MCF CLO I LLC, Membership Interests	38,918		(1,359)	2,832	40,391		8,108
MCF CLO III LLC, Class E Notes L+445, 1/20/24	N/A	11,349		(24)	11,325		165
MCF CLO III LLC, Membership Interests, 1/20/24	N/A	39,183		(917)	38,266		1,166
Slater Mill Loan Fund LP, LP Certificates	6,951		(896)	1,306	7,361		1,088
	<b>\$ 141,569</b>	<b>\$ 84,708</b>	<b>\$ (79,534)</b>	<b>\$ (2,115)</b>	<b>\$ 144,628</b>	<b>\$ 2,078</b>	<b>\$ 23,017</b>

Gross additions includes increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the accretion of discounts, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

- i Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the amortization of premiums, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

As of March 31, 2014, the Company has a 13%, 26%, 100%, 9%, 97%, 98%, and 26% equity ownership interest in Aventine Renewable Energy Holdings, Inc., Highbridge Loan Management, Ltd, Golden Hill CLO I, LLC, Jamestown CLO I LTD, MCF CLO I LLC, MCF CLO III LLC, and Slater Mill Loan Fund LP, respectively. Investments that the Company owns greater than 25% of the equity and are shown in Non-Controlled/Affiliated have governing documents that preclude the Company from controlling management of the entity and therefore the Company has determined that the entity is not a controlled affiliate.

- (5) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Fair value as of March 31, 2013 and March 31, 2014 along with transactions during the fiscal year ended March 31, 2014 in these Controlled investments are as follows:

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2014****(in thousands)**

<b>Name of Issue</b>	<b>Fair Value at March 31, 2013</b>	<b>Gross Additions (Cost)</b>	<b>Gross Reductions (Cost) n</b>	<b>Change in Unrealized Gain (Loss)</b>	<b>Fair Value at March 31, 2014</b>	<b>Net Realized Gain (Loss)</b>	<b>Interest/ Dividend/ Other Income</b>
AIC Credit Opportunity Fund, LLC Common Equity	\$ 50,696	\$ 20,387	\$ (68,489)	\$ (2,594)	\$	\$ (2,338)	\$ 2,306
Generation Brands Holdings, Inc. (Quality Home Brands), Basic Common Stock	432			1,183	1,615		
Generation Brands Holdings, Inc. (Quality Home Brands), Series H Common Stock	360			985	1,345		
Generation Brands Holdings, Inc. (Quality Home Brands), Series 2L Common Stock	1,760			4,822	6,582		
Grand Prix Holdings, LLC, Series A Preferred Interests, 12.00% PIK	N/A	N/A	N/A	N/A	N/A	99	
LVI Parent Corp. (LVI Services, Inc.), 12.50%, 4/20/14	10,000	198		2	10,200		1,448
LVI Services, Inc., Common Stock	30,575			3,445	34,020		153
Merx Aviation Finance Holdings, LLC, 12.00%, 1/9/21	92,000		(92,000)				6,761
Merx Aviation Finance Holdings, LLC, 12.00%, 2/1/21	5,303		(5,303)				392
Merx Aviation Finance Holdings, LLC, 12.00%, 3/28/21	4,684		(4,684)				347
Merx Aviation Finance Holdings, LLC, 12.00%, 6/25/21	N/A	13,500	(13,500)				621
Merx Aviation Finance Holdings, LLC, 12.00%, 7/25/21	N/A	14,600	(14,600)				286
Merx Aviation Finance Holdings, LLC, 12.00%, 8/19/21	N/A	4,000	(4,000)				124
Merx Aviation Finance Holdings, LLC, 12.00%, 9/12/21	N/A	4,600	(4,600)				80
Merx Aviation Finance Holdings, LLC, 12.00%, 10/28/21	N/A	31,150	(31,150)				154
Merx Aviation Finance Holdings II, LLC, (Revolver) 12.00% Funded, 0.00% Unfunded, 10/31/18	N/A	282,334			282,334		9,205
Merx Aviation Finance Holdings II, LLC, Partnership Interest	33,820	107,120	(2,358)	1,883	140,465		
Merx Aviation Finance Assets Ireland Limited, Letter of Credit, 2.25%, 9/30/14							
Merx Aviation Finance Assets Ireland Limited, Letter of Credit, 2.25%, 9/30/14							
Playpower Holdings, Inc., 14.00% PIK, 12/15/15	24,173	2,293	(27,577)	1,111		442	2,271
Playpower, Inc., 12.50% PIK, 12/31/15	18,458	1,713	(20,550)	379		870	1,686
Playpower Holdings, Inc., Series A Preferred, 14.00% PIK, 11/15/20	N/A	51,773			51,773		3,303
Playpower Holdings, Inc., Common Stock	38,157			15,656	53,813		
	<b>\$ 310,418</b>	<b>\$ 533,668</b>	<b>\$ (288,811)</b>	<b>\$ 26,872</b>	<b>\$ 582,147</b>	<b>\$ (927)</b>	<b>\$ 29,137</b>

Gross additions includes increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the accretions of discounts, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this

category from a different category.

See notes to financial statements.

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**APOLLO INVESTMENT CORPORATION**

**SCHEDULE OF INVESTMENTS (continued)**

**March 31, 2014**

**(in thousands)**

n Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the amortization of premiums, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

As of March 31, 2014, the Company has a 28%, 33%, 100%, and 100% equity ownership interest in Generation Brands Holdings, Inc., LVI Parent Corp., Merx Aviation Finance Holdings II, LLC, and Playpower Holdings, Inc., respectively.

(6) Aggregate gross unrealized gain for federal income tax purposes is \$124,819; aggregate gross unrealized loss for federal income tax purposes is \$154,176. Net unrealized loss is \$29,357 based on a tax cost of \$3,508,028.

(7) Substantially all securities are pledged as collateral to our multicurrency revolving credit facility (the Facility). As such these securities are not available as collateral to our general creditors.

(8) The negative fair value is the result of the unfunded commitment/letter of credit being valued below par.

(9) These securities are exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.

(10) Denominated in USD unless otherwise noted, Euro ( € ), British Pound ( £ ), and Canadian Dollar ( CAD ).

(11) Non-income producing security.

(12) Non-accrual status (see note 2).

(13) The investment has a put option attached to it and the combined instrument has been recorded in its entirety at fair value as a hybrid instrument in accordance with ASC 815-15-25-4 with subsequent changes in fair value charged or credited to investment gains/losses for each period.

(14) Denotes debt securities where the Company owns multiple tranches of the same broad asset type but whose security characteristics differ. Such differences may include level of subordination, call protection and pricing, and differing interest rate characteristics, among other factors. Such factors are usually considered in the determination of fair values.

(15) Investments that the Company has determined are not qualifying assets under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act are subject to change. The Company monitors the status of these assets on an ongoing basis.

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(16) Denotes investments where the governing documents of the entity preclude the Company from controlling management of the entity and accordingly the Company has determined that the entity is not a controlled affiliate.

(17) The percentage is calculated over net assets.

N/A Not applicable.

See notes to financial statements.

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**APOLLO INVESTMENT CORPORATION**  
**SCHEDULE OF INVESTMENTS (continued)**  
**March 31, 2014**

<b>Industry Classification</b>	<b>Percentage of Total Investments (at fair value) as of March 31, 2014</b>
Business Services	14.6%
Aviation	12.2%
Oil and Gas	11.8%
Financial Services	7.4%
Healthcare	6.6%
Diversified Investment Vehicle	5.5%
Distribution	4.9%
Chemicals	4.2%
Diversified Service	3.7%
Insurance	3.5%
Leisure	3.1%
Environmental Services	2.5%
Transportation	2.1%
Mining	1.8%
Containers, Packaging, and Glass	1.6%
Telecommunications	1.5%
Energy	1.3%
Media	1.3%
Buildings and Real Estate	1.2%
Education	1.1%
Restaurants	1.0%
Diversified Natural Resources, Precious Metals and Minerals	1.0%
Hotels, Motels, Inns and Gaming	0.9%
Packaging	0.9%
Broadcasting & Entertainment	0.8%
Retail	0.7%
Cargo Transport	0.6%
Auto Sector	0.5%
Consumer Products	0.4%
Beverage, Food and Tobacco	0.3%
Home and Office Furnishings and Durable Consumer Products	0.3%
Aerospace and Defense	0.3%
Grocery	0.2%
Electronics	0.2%
Manufacturing	%
Total Investments	100.0%

See notes to financial statements.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited)****(in thousands except share and per share amounts)****Note 1. Organization**

Apollo Investment Corporation ( Apollo Investment , the Company , AIC , we , us , or our ), a Maryland corporation incorporated on February 2, 2004, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company ( BDC ) under the Investment Company Act of 1940 (the 1940 Act ). In addition, for tax purposes we have elected to be treated as a regulated investment company ( RIC ), under the Internal Revenue Code of 1986, as amended ( the Code ). Our investment objective is to generate current income and capital appreciation. We invest primarily in various forms of debt investments, including secured and unsecured debt, loan investments, and/or equity in private middle-market companies. We may also invest in the securities of public companies and in structured products and other investments such as collateralized loan obligations and credit-linked notes ( CLOs and CLNs , respectively). Our portfolio is comprised primarily of investments in debt, including secured and unsecured debt of private middle-market companies, that, in the case of senior secured loans, generally are not broadly syndicated and whose aggregate tranche size is typically less than \$250 million. Our portfolio also includes equity interests such as common stock, preferred stock, warrants or options.

Apollo Investment commenced operations on April 8, 2004 when it received net proceeds of \$870,000 from its initial public offering by selling 62 million shares of common stock at a price of \$15.00 per share. Since then, and through December 31, 2014, we have raised approximately \$2,210,099 in net proceeds from additional offerings of common stock.

**Note 2. Significant Accounting Policies**

The following is a summary of the significant accounting and reporting policies used in preparing the financial statements.

***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ( GAAP ). The Company is an investment company following accounting and reporting guidance in Accounting Standards Codification ( ASC ) 946. In accordance with Regulation S-X, the Company generally will not consolidate its interest in any company other than in investment company subsidiaries and controlled operating companies substantially all of whose business consists of providing services to the Company. Consequently, the Company has not consolidated special purpose entities through which the special purpose entity acquires and holds investments subject to financing with third parties. As of December 31, 2014, the Company did not have any subsidiaries or controlled operating companies that were consolidated (see additional information within note 5).

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported periods. Changes in the economic environment, financial markets, and any other parameters used in determining these estimates could cause actual results to differ materially.

Interim financial statements are prepared in accordance with GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 6 or 10 of

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**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)****(in thousands except share and per share amounts)**

Regulation S-X, as appropriate. In the opinion of management, all adjustments, which are of a normal recurring nature, considered necessary for the fair statement of financial statements for the interim period, have been included. These financial statements should be read in conjunction with the audited financial statements and accompanying notes included in the Annual Report on Form 10-K for the year ended March 31, 2014. Certain amounts have been reclassified on the Statement of Operations. Included in \$2,730 of interest income from non-controlled/affiliated investments for the nine months ended December 31, 2013 is \$263 previously classified as interest income from controlled investments. Included in \$15,528 of dividend income from non-controlled/affiliated investments for the nine months ended December 31, 2013 is \$4,825 previously classified as dividend income from controlled investments.

***Cash and Cash Equivalents***

The Company defines cash equivalents as securities that are readily convertible into known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with a maturity of three months or less from the date of purchase would qualify, with limited exceptions. The Company deems that certain U.S. Treasury bills, repurchase agreements and other high-quality, short-term debt securities would qualify as cash equivalents.

***Fair Value Measurements***

The Company follows guidance in ASC 820, Fair Value Measurement, where fair value is defined as 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. Fair value measurements are determined within a framework that establishes a three-tier hierarchy which maximizes the use of observable market data and minimizes the use of unobservable inputs to establish a classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as the risk inherent in a particular valuation technique used to measure fair value using a pricing model and/or the risk inherent in the inputs for the valuation technique. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the information available. The inputs or methodology used for valuing assets or liabilities may not be an indication of the risks associated with investing in those assets or liabilities. Under procedures established by our board of directors, we value investments, including certain secured debt, unsecured debt, and other debt securities with maturities greater than 60 days, for which market quotations are readily available at such market quotations (unless they are deemed not to represent fair value). We attempt to obtain market quotations from at least two brokers or dealers (if available, otherwise from a principal market maker or a primary market dealer or other independent pricing service). We utilize mid-market pricing as a practical expedient for fair value unless a different point within the range is more representative. If and when market quotations are unavailable or are deemed not to represent fair value, we typically utilize independent third party valuation firms to assist us in determining fair value. Accordingly, such investments go through our multi-step valuation process as described below. In each case, our independent third party valuation firms consider observable market inputs together with significant unobservable inputs in arriving at their valuation recommendations for such investments. Debt investments with remaining maturities of 60

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**APOLLO INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

**(in thousands except share and per share amounts)**

days or less may each be valued at cost with interest accrued or discount amortized to the date of maturity, unless such valuation, in the judgment of our investment adviser, does not represent fair value. In this case, such investments shall be valued at fair value as determined in good faith by or under the direction of our board of directors, using market quotations where available. Investments that are not publicly traded or whose market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of our board of directors. Such determination of fair values may involve subjective judgments and estimates.

With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, our board of directors has approved a multi-step valuation process each quarter, as described below:

- (1) our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals of our investment adviser who is responsible for the portfolio investment;
- (2) preliminary valuation conclusions are then documented and discussed with senior management of our investment adviser;
- (3) independent valuation firms are engaged by our board of directors to conduct independent appraisals by reviewing our investment adviser's preliminary valuations and then making their own independent assessment;
- (4) the audit committee of the board of directors reviews the preliminary valuation of our investment adviser and the valuation prepared by the independent valuation firm and responds to the valuation recommendation of the independent valuation firm to reflect any comments; and
- (5) the board of directors discusses valuations and determines in good faith the fair value of each investment in our portfolio based on the input of our investment adviser, the applicable independent valuation firm, third party pricing services, and the audit committee.

Investments in all asset classes are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, seniority of investment in the investee company's capital structure, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market (as the reporting entity), and enterprise values, among other factors. When readily available, broker quotations and/or quotations provided by pricing services are considered as an input in the valuation process. As of December 31, 2014, there has been no change to the Company's valuation techniques and related inputs considered in the valuation process.

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**APOLLO INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

**(in thousands except share and per share amounts)**

ASC 820 classifies the inputs used to measure these fair values into the following hierarchy:

**Level 1:** Quoted prices in active markets for identical assets or liabilities, accessible by the Company at the measurement date.

**Level 2:** Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

**Level 3:** Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. The level assigned to the investment valuations may not be indicative of the risk or liquidity associated with investing in such investments. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may differ materially from the value that would be received upon an actual sale of such investments.

***Realized Gains and Losses***

Security transactions are accounted for on the trade date. Realized gains or losses on investments are calculated by using the specific identification method. Securities that have been called by the issuer are recorded at the call price on the call effective date.

***Investment Income Recognition***

The Company records interest and dividend income, adjusted for amortization of premium and accretion of discount, on an accrual basis. Some of our loans and other investments, including certain preferred equity investments, may have contractual payment-in-kind ( PIK ) interest or dividends. PIK interest and dividends computed at the contractual rate are accrued into income and reflected as receivable up to the capitalization date. PIK investments offer issuers the option at each payment date of making payments in cash or in additional securities. When additional securities are received, they typically have the same terms, including maturity dates and interest rates as the original securities issued. On these payment dates, the Company capitalizes the accrued interest or dividends receivable (reflecting such amounts as the basis in the additional securities received). PIK generally becomes due at maturity of the investment or upon the investment being called by the issuer. At the point the Company believes PIK is not expected to be realized, the PIK investment will be placed on non-accrual status. When a PIK investment is placed on non-accrual status, the accrued, uncanceled interest or dividends are reversed from the related receivable through interest or dividend income, respectively. The Company does not reverse previously capitalized PIK interest or dividends. Upon capitalization, PIK is subject to the fair value estimates associated with their related investments. PIK investments on non-accrual status are restored to accrual status if the Company believes that PIK is expected to be realized.

Investments that are expected to pay regularly scheduled interest and/or dividends in cash are generally placed on non-accrual status when principal or interest/dividend cash payments are past due

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**NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

**(in thousands except share and per share amounts)**

30 days or more and/or when it is no longer probable that principal or interest/dividend cash payments will be collected. Such non-accrual investments are restored to accrual status if past due principal and interest or dividends are paid in cash, and in management's judgment, are likely to continue timely payment of their remaining interest or dividend obligations. Interest or dividend cash payments received on non-accrual designated investments may be recognized as income or applied to principal depending upon management's judgment.

Loan origination fees, original issue discount, and market discounts are capitalized and amortized into income using the interest method or straight-line, as applicable. Upon the prepayment of a loan, any unamortized loan origination fees are recorded as interest income. We record prepayment premiums on loans and other investments as interest income when we receive such amounts. Other income generally includes amendment fees, bridge fees, and structuring fees, which are recorded when earned.

The Company records as interest or dividend income the accretable yield from its beneficial interests in structured products such as CLOs based upon a number of cash flow assumptions that are subject to uncertainties and contingencies. Such assumptions include the rate and timing of principal and interest receipts (which may be subject to prepayments and defaults) of the underlying pools of assets. These assumptions are updated on at least a quarterly basis to reflect changes related to a particular security, actual historical data, and market changes. A structured product investment typically has an underlying pool of assets. Payments on structured product investments are payable solely from the cash flows from such assets. As such, any unforeseen event in these underlying pools of assets might impact the expected recovery of principal and future accrual of income.

***Expenses***

Expenses include management fees, performance-based incentive fees, insurance expenses, administrative service fees, legal fees, directors' fees, audit and tax service expenses, and other general and administrative expenses. Expenses are recognized on an accrual basis.

***Dividends to Common Stockholders***

Dividends and distributions to common stockholders are recorded as of the record date. The amount to be paid out as a dividend is determined by the board of directors each quarter. Net realized capital gains, if any, are generally distributed or deemed distributed at least annually.

***Income Taxes***

The Company complies with the applicable provisions of the Code pertaining to regulated investment companies that make distributions of taxable income sufficient to relieve it of substantially all Federal income taxes. The Company, at its discretion, may carry forward taxable income in excess of calendar year distributions and pay a 4% excise tax on this income. The Company will accrue excise tax on estimated excess taxable income, if any, as required.

Book and tax basis differences relating to stockholder dividends and distributions and other permanent book and tax differences are reclassified among the Company's capital accounts. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from GAAP.

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**APOLLO INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

**(in thousands except share and per share amounts)**

***Foreign Currency***

The accounting records of the Company are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies against U.S. dollars on the date of valuation. The company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. The Company's investments in foreign securities may involve certain risks, including without limitation: foreign exchange restrictions, expropriation, taxation or other political, social or economic risks, all of which could affect the market and/or credit risk of the investment. In addition, changes in the relationship of foreign currencies to the U.S. dollar can significantly affect the value of these investments and therefore the earnings of the Company.

***Equity Offering Expenses***

The Company records expenses related to shelf filings and applicable offering costs as deferred financing costs in the Statement of Assets and Liabilities. To the extent such expenses relate to equity offerings, these expenses are charged as a reduction of capital upon utilization, in accordance with ASC 946-20-25.

***Debt Issuance Costs***

The Company records origination and other expenses related to its debt obligations as deferred financing costs in the Statement of Assets and Liabilities. These expenses are deferred and amortized using the straight-line method over the stated life of the obligation, which approximates the effective yield method.

***Derivative Instruments***

The Company may make investments in derivative instruments. The derivative instruments are fair valued with changes to the fair value reflected in net unrealized gain/loss during the reporting period and recorded within realized gain/loss upon exit and settlement of the contract. The accrual of periodic interest settlements is recorded in net unrealized gain/loss and subsequently recorded as net realized gain or loss on the interest settlement date.

The Company may enter into forward exchange contracts in order to hedge against foreign currency risk. These contracts are fair valued by recognizing the difference between the contract exchange rate and the current market rate as unrealized gain or loss. Realized gains or losses are recognized when contracts are settled.

***Recent Accounting Pronouncements***

In June 2013, the FASB issued guidance to change the assessment of whether an entity is an investment company by developing a new two-tiered approach that requires an entity to possess certain fundamental characteristics while allowing judgment in assessing certain typical characteristics. The fundamental characteristics that an investment company is required to have include the following: (1) it obtains funds from one or more investors and provides the investor(s) with investment

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management services; (2) it commits to its investor(s) that its business purpose and only substantive activities are investing the funds solely for returns from capital appreciation, investment income or both; and (3) it does not obtain returns or benefits from an investee or its affiliates that are not normally attributable to ownership interests. The typical characteristics of an investment company that an entity should consider before concluding whether it is an investment company include the following: (1) it has more than one investment; (2) it has more than one investor; (3) it has investors that are not related parties of the parent or the investment manager; (4) it has ownership interests in the form of equity or partnership interests; and (5) it manages substantially all of its investments on a fair value basis. The new approach requires an entity to assess all of the characteristics of an investment company and consider its purpose and design to determine whether it is an investment company. The guidance includes disclosure requirements about an entity's status as an investment company and financial support provided or contractually required to be provided by an investment company to its investees. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2013. This guidance did not have a material impact on the Company's financial statements.

In May 2014, the FASB issued guidance to establish a comprehensive and converged standard on revenue recognition to enable financial statement users to better understand and consistently analyze an entity's revenue across industries, transactions, and geographies. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new guidance also specifies the accounting for certain costs to obtain or fulfill a contract with a customer. The new guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. Qualitative and quantitative information is required to be disclosed about: (1) contracts with customers, (2) significant judgments and changes in judgments, and (3) assets recognized from costs to obtain or fulfill a contract. The new guidance will apply to all entities. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2016. Early application is not permitted. The Company is in the process of evaluating the impact that this guidance will have on its financial statements.

**Note 3. Agreements**

The Company has an Investment Advisory and Management Agreement (the "Investment Advisory Agreement") with Apollo Investment Management, L.P. (the "Investment Adviser" or "AIM"), under which the Investment Adviser, subject to the overall supervision of our board of directors, manages the day-to-day operations of, and provides investment advisory services to the Company. For providing these services, the Investment Adviser receives a fee from the Company, consisting of two components—a base management fee and a performance-based incentive fee. The base management fee is determined by taking the average value of our gross assets, net of the average of any payable for cash equivalents at the end of the two most recently completed calendar quarters, calculated at an annual rate of 2.00%. The incentive fee has two parts, as follows: one part is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for

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the immediately preceding calendar quarter. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, any expenses payable under an administration agreement (the Administration Agreement ) between the Company and Apollo Investment Administration, LLC (the Administrator ), and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income does not include any realized capital gains computed net of all realized capital losses and unrealized capital depreciation. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to the rate of 1.75% per quarter (7% annualized). For the period between April 2, 2012 and March 31, 2015, AIM has agreed to voluntarily waive the management and incentive fees on the common shares issued on April 2, 2012 and May 20, 2013.

The Investment Adviser has also entered into an investment sub-advisory agreement with CION Investment Corporation ( CION ) (the Sub-Advisory Agreement ) under which AIM receives management and incentive fees from CION in connection with the investment advisory services provided. For the period between April 1, 2014 and March 31, 2015, the Investment Adviser has agreed to waive all base management fees receivable under the Investment Advisory Agreement with the Company in the amount equal to the amount actually received by AIM from CION, less the fully allocated incremental expenses accrued by AIM.

The Company pays the Investment Adviser an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows: (1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed 1.75%, which we commonly refer to as the performance threshold; (2) 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds 1.75% but does not exceed 2.1875% in any calendar quarter; and (3) 20% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter. These calculations are appropriately prorated for any period of less than three months. The effect of the fee calculation described above is that if pre-incentive fee net investment income is equal to or exceeds 2.1875%, the Investment Adviser will receive a fee of 20% of our pre-incentive fee net investment income for the quarter.

The second part of the incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date) and will equal 20% of our cumulative realized capital gains less cumulative realized capital losses, unrealized capital loss (unrealized loss on a gross investment-by-investment basis at the end of each calendar year) and all capital gains upon which prior performance-based capital gains incentive fee payments were previously made to the Investment Adviser. For accounting purposes only, we are required under GAAP to accrue a theoretical capital gains incentive fee based upon net realized capital gains and unrealized capital gain and loss on investments held at the end of each period.

The accrual of this theoretical capital gains incentive fee assumes all unrealized capital gain and loss is realized in order to reflect a theoretical capital gains incentive fee that would be payable to the Investment Adviser at each measurement date. There was no accrual for the nine months ended December 31, 2014 and 2013. It should be noted that a fee so calculated and accrued would not be

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**APOLLO INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

**(in thousands except share and per share amounts)**

payable under the Investment Advisers Act of 1940 ( Advisers Act ) or the Investment Advisory Agreement and would not be paid based upon such computation of capital gains incentive fees in subsequent periods. Amounts actually paid to the Investment Adviser will be consistent with the Advisers Act and formula reflected in the Investment Advisory Agreement, which specifically excludes consideration of unrealized capital gain.

For the time period between April 1, 2013 and March 31, 2015, AIM has agreed to be paid the portion of the performance-based incentive fee that is attributable to deferred interest, such as PIK, when the Company receives such interest in cash. The accrual of incentive fees shall be reversed if such interest is reversed in connection with any write off or similar treatment of the investment. Upon payment of the deferred incentive fee, AIM will also receive interest on the deferred interest at an annual rate of 3.25% for the period between the date in which the incentive fee is earned and the date of payment.

For the three and nine months ended December 31, 2014, the Company recognized \$18,755 and \$55,744, respectively, of base management fees and \$13,215 and \$41,075, respectively, of performance-based incentive fees. For the three and nine months ended December 31, 2013, the Company recognized \$15,932 and \$46,044, respectively, of base management fees and \$11,469 and \$35,464, respectively, of performance-based incentive fees. For the three and nine months ended December 31, 2014, total management fees waived were \$2,194 and \$7,143, respectively. For the three and nine months ended December 31, 2013, total management fees waived were \$1,963 and \$4,930, respectively. For the three and nine months ended December 31, 2014, total incentive fees waived were \$1,546 and \$4,791, respectively. For the three and nine months ended December 31, 2013, total incentive fees waived were \$1,412 and \$3,745, respectively.

The amount of the deferred incentive fees for the three and nine months ended December 31, 2014 is \$1,796 and \$4,266, respectively. The amount of the deferred incentive fees for the three and nine months ended December 31, 2013 is \$1,469 and \$3,098, respectively. The cumulative incentive fee on PIK income included in management and performance-based incentive fee payable line of the Statement of Assets and Liabilities at December 31, 2014 and March 31, 2014 is \$11,074 and \$6,936, respectively.

The Company has also entered into an Administration Agreement with the Administrator under which the Administrator provides administrative services for the Company. For providing these services, facilities and personnel, the Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred and requested to be reimbursed by the Administrator in performing its obligations under the Administration Agreement. These expenses include rent and the Company's allocable portion of its chief financial officer, chief compliance officer, and their respective staffs. The Administrator will also provide, on our behalf, managerial assistance to those portfolio companies to which the Company is required to provide such assistance. For the three and nine months ended December 31, 2014, the Company recognized expenses under the Administration Agreement of \$1,863 and \$4,821, respectively. For the three and nine months ended December 31, 2013, the Company recognized expenses under the Administration Agreement of \$1,410 and \$3,616, respectively.

Merx Aviation Finance, LLC ( Merx ), a wholly-owned portfolio company of the Company, has also entered into an administration agreement ( Merx Administration Agreement ) with the Administrator under which the Administrator provides administrative services to Merx for an annual fee

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of \$150. The fee received from Merx by the Company is included in expense reimbursements in the Statement of Operations. For the three and nine months ended December 31, 2014, the Company recognized expense reimbursements of \$37 and \$112, respectively, under the Merx Administration Agreement. For the three and nine months ended December 31, 2013, the Company did not recognize any expense reimbursements under the Merx Administration Agreement.

The Company has also entered into an expense reimbursement agreement with Merx Aviation Finance Assets Ireland Limited, a subsidiary of Merx that will reimburse the Company for reasonable out-of-pocket expenses incurred, including any interest, fees or other amounts incurred by the Company in connection with letters of credit issued on its behalf. For the three and nine months ended December 31, 2014, the Company recognized expenses that were reimbursed under the expense reimbursement agreement of \$21 and \$62 respectively. For the three and nine months ended December 31, 2013, the Company recognized expenses that were reimbursed under the expense reimbursement agreement of \$21 and \$29 respectively.

**Note 4. Earnings Per Share**

The following table sets forth the computation of basic and diluted earnings per share, pursuant to ASC 260-10, for the three and nine months ended December 31, 2014 and December 31, 2013, respectively:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2014	2013	2014	2013
<b><u>Earnings (loss) per share - basic</u></b>				
Numerator for increase (decrease) in net assets per share:	\$ (19,452)	\$ 105,738	\$ 87,152	\$ 200,967
Denominator for basic weighted average shares:	236,741,351	224,741,351	236,741,351	220,848,078
Basic earnings (loss) per share:	\$ (0.09)	\$ 0.47	\$ 0.36	\$ 0.90
<b><u>Earnings (loss) per share - diluted (1)</u></b>				
Numerator for increase (decrease) in net assets per share:	\$ (19,452)	\$ 105,738	\$ 87,152	\$ 200,967
Adjustment for interest on convertible notes and for incentive fees, net:	2,539	2,548	7,608	7,651
Numerator for increase (decrease) in net assets per share, as adjusted:	\$ (16,913)	\$ 108,286	\$ 94,760	\$ 208,618
Denominator for weighted average shares, as adjusted for dilutive effect of convertible notes:	251,289,451	239,289,451	251,289,451	235,396,178
Diluted earnings (loss) per share (1)(2):	\$ (0.09)	\$ 0.45	\$ 0.36	\$ 0.88

- (1) In applying the if-converted method, conversion is not assumed for purposes of computing diluted EPS if the effect would be anti-dilutive. For the three and nine months ended December 31, 2014, anti-dilution would total \$0.01 and \$0.01, respectively. For the three and nine months ended December 31, 2013, there was no anti-dilution.
- (2) Represents rounded numbers.

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**APOLLO INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

**(in thousands except share and per share amounts)**

**Note 5. Investments**

***AIC Credit Opportunity Fund LLC***

We owned all of the common member interests in AIC Credit Opportunity Fund LLC ( AIC Holdco ). AIC Holdco was formed for the purpose of holding various financed investments. AIC Holdco wholly owned three special purpose entities, each of which in 2008 acquired directly or indirectly an investment in a particular security from an unaffiliated entity that provided leverage for the investment as part of the sale. As of March 31, 2014, the three special purpose entities along with AIC Holdco were dissolved. Each of these transactions is described in more detail below together with summary financial statements.

In June 2008 we invested through AIC Holdco \$39,500 in AIC (FDC) Holdings LLC ( Apollo FDC ). Apollo FDC used the proceeds to purchase a Junior Profit-Participating Note due 2013 in principal amount of \$39,500 (the Junior Note ) issued by Apollo I Trust (the Trust ). The Trust also issued a Senior Floating Rate Note due 2013 (the Senior Note ) to an unaffiliated third party in principal amount of \$39,500 paying interest at the London Interbank Offered Rate ( LIBOR ) plus 1.50%, increasing over time to LIBOR plus 2.0%. The Trust used the aggregate \$79,000 proceeds to acquire \$100,000 face value of a senior subordinated loan of First Data Corporation (the FDC Loan ) due 2016. The FDC Loan pays interest at 11.25% per year. The Junior Note of the Trust owned by Apollo FDC pays to Apollo FDC all of the interest and other proceeds received by the Trust on the FDC Loan after satisfying the Trust's obligations on the Senior Note. The holder of the Senior Note has no recourse to Apollo FDC, AIC Holdco or us with respect to any interest on, or principal of, the Senior Note. However, if the value of the FDC Loan held by the Trust declines sufficiently, the investment would be unwound unless Apollo FDC posts additional collateral for the benefit of the Senior Note. During the quarter ended June 30, 2013, we unwound the transaction by investing \$20,386 into the Trust which then repaid the Senior Note. Subsequent to the repayment of the Senior Note, \$10,993 of face value of the FDC Loan was prepaid by First Data Corporation resulting in a distribution of \$11,556 to the Company. The remaining FDC Loan, which consisted of \$41,862 of face value, was transferred to the Company at an accreted cost of \$38,728 with a fair value of \$40,397 on the transfer date and the Trust was closed.

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**APOLLO INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

**(in thousands except share and per share amounts)**

In the second of these investments, in June 2008 we invested through AIC Holdco \$11,375 in AIC (TXU) Holdings LLC ( Apollo TXU ). Apollo TXU acquired exposure to \$50,000 notional amount of a LIBOR plus 3.5% senior secured delayed draw term loan of Texas Competitive Electric Holdings ( TXU ) due 2014 through a non-recourse total return swap (the TRS ) with an unaffiliated third party expiring on October 10, 2013. Pursuant to such delayed draw term loan, Apollo TXU pays an unaffiliated third-party interest at LIBOR plus 1.5% and generally receives all proceeds due under the delayed draw term loan of TXU (the TXU Term Loan ). Like Apollo FDC, Apollo TXU is entitled to 100% of any realized appreciation in the TXU Term Loan and, since the TRS is a non-recourse arrangement, Apollo TXU is exposed only up to the amount of its investment in the TRS, plus any additional margin we decide to post, if any, during the term of the financing. The TRS does not constitute a senior security or a borrowing of Apollo TXU. In connection with the amendment and extension of the TXU Term Loan in April 2011, for which Apollo TXU received a consent fee along with an increase in the rate of the TXU Term Loan to LIBOR plus 4.5%, Apollo TXU extended its TRS to 2016 at a rate of LIBOR plus 2.0%. During the year ended March 31, 2014, Apollo TXU terminated the entire TRS resulting in a realized loss of \$10,314. The excess collateral posted was returned to Apollo TXU.

In the third of these investments, in September 2008 we invested through AIC Holdco \$10,022 in AIC (Boots) Holdings, LLC ( Apollo Boots ). Apollo Boots acquired 23,383 and £12,465 principal amount of senior term loans of AB Acquisitions Topco 2 Limited, a holding company for the Alliance Boots group of companies (the Boots Term Loans ), out of the proceeds of our investment and a multicurrency \$40,876 equivalent non-recourse loan to Apollo Boots (the Acquisition Loan ) by an unaffiliated third party that was scheduled to mature in September 2013 and paid interest at LIBOR plus 1.25% or, in certain cases, the higher of the Federal Funds Rate plus 0.50% or the lender s prime-rate. The Boots Term Loans paid interest at the rate of LIBOR plus 3% per year and are scheduled to mature in June 2015. During the fiscal year ended March 31, 2013, Apollo Boots sold the entire position of the Boots Term Loans in the amount of 23,383 and £12,465 of principal.

We do not consolidate AIC Holdco or its wholly owned subsidiaries. Our investment in AIC Holdco was valued in accordance with our normal valuation procedures and was based on the values of the underlying assets held by each special purpose entities net of associated liabilities.

As of December 31, 2014 and March 31, 2014, the consolidated AIC Holdco had no outstanding assets and liabilities. Below is summarized financial information for AIC Holdco for the nine months ended December 31, 2013. There was no operating activity during the nine months ended December 31, 2014.

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(in thousands except share and per share amounts)

	<b>Nine Months Ended December 31, 2013</b>
Net Operating Income	
Apollo FDC <sup>(1)</sup>	\$ 1,559
Apollo TXU <sup>(1)</sup>	692
Apollo Boots <sup>(1)</sup>	8
Other	4
Total Operating Income	\$ 2,263
Net Realized Gain (Loss)	
Apollo FDC	\$ 9,634
Apollo TXU	(10,314)
Total Net Realized Loss	\$ (680)
Net Change in Unrealized Loss	
Apollo FDC	\$ (11,509)
Apollo TXU	8,936
Total Net Change in Unrealized Loss	\$ (2,573)
Net Income (Loss) <sup>(2)</sup>	
Apollo FDC	\$ (316)
Apollo TXU	(686)
Apollo Boots	8
Other	4
Net Loss	\$ (990)

(1) In the case of Apollo FDC, net operating income consists of interest income on the Junior Note less interest paid on the senior note together with immaterial administrative expenses. In the case of Apollo TXU, net operating income consists of net payments from the swap counterparty of Apollo TXU's obligation to pay interest and its right to receive the proceeds in respect of the reference asset, together with immaterial administrative expenses. In the case of AIC Boots, net operating income consists of interest income on the Boots Term Loans, less interest payments on the Acquisition Loan together with immaterial administrative expenses. There are no management or incentive fees.

(2) Net income is the sum of operating income, realized gain (loss) and net change in unrealized gain (loss).

**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

(in thousands except share and per share amounts)

***Merx Aviation Finance, LLC (formerly Merx Aviation Finance Holdings II, LLC)***

Merx Aviation Finance, LLC. and its subsidiaries ( Merx Aviation ) are principally engaged in acquiring and leasing commercial aircraft to airlines. Its focus is on current generation aircraft, held either domestically or internationally. Merx Aviation may acquire fleets of aircraft through securitized, non-recourse debt or individual aircraft. Merx Aviation is not intended to compete with the numerous large lessors but rather to be complementary to them, providing them capital for various transactions. Merx Aviation also may outsource its aircraft servicing requirements to the large lessors that have the global staff necessary to complete such tasks.

Merx Aviation is considered a significant majority owned subsidiary under SEC Regulation S-X Rule 10-01(b)(1) for the nine months ended December 31, 2014 and under Regulation S-X Rule 4-08(g) for the fiscal year ended March 31, 2014. Based on the S-X 10-01(b)(1) requirements, the summarized consolidated financial information of Merx Aviation is shown below:

	<b>Nine Months Ended December 31, 2014 (unaudited)</b>	<b>Nine Months Ended December 31, 2013 (unaudited)</b>
Net revenue	\$ 42,759	\$ 19,002
Gross profit	\$ 37,708	\$ 15,282
Earnings before taxes	\$ 3,555	\$ (184)
Net profit (loss)	\$ 3,553	\$ (188)

***Playpower Holdings Inc.***

Playpower Holdings, Inc. and subsidiaries ( Playpower ) are principally engaged in manufacturing a wide range of recreational products including traditional playground equipment, contained playground equipment, polyethylene docks and park amenities.

Playpower is considered a significant majority owned subsidiary under SEC Regulation S-X Rule 10-01(b)(1) for the nine months ended December 31, 2014. Based on the S-X Rule 10-01(b) (1) requirements, the summarized consolidated income statement information of Playpower is shown below:

	<b>Nine Months Ended December 31, 2014 (unaudited)</b>	<b>Nine Months Ended December 31, 2013 (unaudited)</b>
Net sales	\$ 239,364	\$ 186,673
Gross profit	\$ 80,743	\$ 63,658
Earnings before taxes	\$ 9,264	\$ 2,287
Net profit (loss)	\$ 5,363	\$ 99

**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

(in thousands except share and per share amounts)

**Fair Value Measurement and Disclosures**

At December 31, 2014, our investments, measured at fair value, were categorized as follows in the fair value hierarchy for ASC 820 purposes:

Description	Cost	Fair Value	Fair Value Measurement at Reporting Date Using:		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Secured Debt	\$ 2,184,812	\$ 2,131,166	\$	\$ 526,310	\$ 1,604,856
Unsecured Debt	567,831	525,368		135,768	389,600
Structured Products and Other	339,045	356,195			356,195
Preferred Equity	159,555	137,429			137,429
Common Equity/Interests	333,313	357,488		81	357,407
Warrants	5,016	6,369			6,369
<b>Total Investments</b>	<b>\$ 3,589,572</b>	<b>\$ 3,514,015</b>	<b>\$</b>	<b>\$ 662,159</b>	<b>\$ 2,851,856</b>

At March 31, 2014, our investments that were measured at fair value were categorized as follows in the fair value hierarchy for ASC 820 purposes:

Description	Cost	Fair Value	Fair Value Measurement at Reporting Date Using:		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Secured Debt	\$ 1,919,871	\$ 1,949,107	\$	\$ 1,013,424	\$ 935,683
Unsecured Debt	912,453	941,728		526,649	415,079
Structured Products and Other	204,864	208,901			208,901
Preferred Equity	115,020	93,062			93,062
Common Equity/Interests	297,532	274,699			274,699
Warrants	9,012	11,174			11,174
<b>Total Investments</b>	<b>\$ 3,458,752</b>	<b>\$ 3,478,671</b>	<b>\$</b>	<b>\$ 1,540,073</b>	<b>\$ 1,938,598</b>

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**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)****(in thousands except share and per share amounts)**

The following chart shows the components of change in our investments categorized as Level 3, for the three months ended December 31, 2014:

**Fair Value Measurements Using Significant Unobservable Inputs (Level 3)\***

	<b>Secured Debt (2)</b>	<b>Unsecured Debt</b>	<b>Structured Products and Other</b>	<b>Preferred Equity</b>	<b>Common Equity/ Interests</b>	<b>Warrants</b>	<b>Total</b>
Beginning Balance, September 30, 2014	\$ 1,364,528	\$ 377,621	\$ 317,378	\$ 108,678	\$ 307,300	\$ 10,771	\$ 2,486,276
Total realized gains (losses) included in earnings	126	(367)	(168)		5,349		4,940
Total change in unrealized gain (loss) included in earnings	(13,052)	(5,554)	5,495	(2,895)	13,639	(4,402)	(6,769)
Net amortization on investments	2,238	159	125				2,522
Purchases, including capitalized PIK (3)	316,556	54,246	41,573	32,815	42,909		488,099
Sales (3)	(260,960)	(40,281)	(8,208)	(1,169)	(11,790)		(322,408)
Transfers out of Level 3 (1)	(7,499)						(7,499)
Transfers into Level 3 (1)	202,919	3,776					206,695
Ending Balance, December 31, 2014	\$ 1,604,856	\$ 389,600	\$ 356,195	\$ 137,429	\$ 357,407	\$ 6,369	\$ 2,851,856

The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gain (loss) relating to our Level 3 assets still held at the reporting date and reported within the net change in unrealized gain (loss) on investments in our Statement of Operations.

	\$ (13,050)	\$ (10,306)	\$ 5,425	\$ (2,895)	\$ 18,643	\$ (4,402)	\$ (6,585)
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(1) Transfers out of Level 3 are due to an increase in the availability of qualified observable inputs and transfers into Level 3 are due to a decrease in the availability of qualified observable inputs as assessed by the Adviser. Transfers are assumed to have occurred at the end of the period. There were no transfers between Level 1 and Level 2 fair value measurements during the period shown.

(2) Includes unfunded revolver obligations and letters of credit measured at fair value of \$(5,404).

(3) Includes reorganizations and restructurings.

\* Pursuant to fair value measurement and disclosure guidance, the Company currently categorizes investments by class as shown above.

**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)****(in thousands except share and per share amounts)**

The following chart shows the components of change in our investments categorized as Level 3, for the nine months ended December 31, 2014:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)*						Total
	Secured Debt (2)	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/ Interests	Warrants	
Beginning Balance, March 31, 2014	\$ 935,683	\$ 415,079	\$ 208,901	\$ 93,062	\$ 274,699	\$ 11,174	\$ 1,938,598
Total realized gains (losses) included in earnings	622	(2,119)	(276)		(5,819)	9,713	2,121
Total change in unrealized gain (loss) included in earnings	(8,670)	(9,580)	13,113	(167)	46,926	(809)	40,813
Net amortization on investments	3,862	663	239				4,764
Purchases, including capitalized PIK (3)	855,185	65,049	168,265	45,703	57,097		1,191,299
Sales (3)	(366,133)	(102,038)	(34,047)	(1,169)	(15,496)	(13,709)	(532,592)
Transfers out of Level 3 (1)							
Transfers into Level 3 (1)	184,307	22,546					206,853
Ending Balance, December 31, 2014	\$ 1,604,856	\$ 389,600	\$ 356,195	\$ 137,429	\$ 357,407	\$ 6,369	\$ 2,851,856

The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gain (loss) relating to our Level 3 assets still held at the reporting date and reported within the net change in unrealized gain (loss) on investments in our Statement of Operations.

	\$ (10,698)	\$ (15,589)	\$ 14,810	\$ (167)	\$ 53,662	\$ (4,231)	\$ 37,787
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(1) Transfers out of Level 3 are due to an increase in the availability of qualified observable inputs and transfers into Level 3 are due to a decrease in the availability of qualified observable inputs as assessed by the Adviser. Transfers are assumed to have occurred at the end of the period. There were no transfers between Level 1 and Level 2 fair value measurements during the period shown.

(2) Includes unfunded revolver obligations and letters of credit measured at fair value of \$(5,404).

(3) Includes reorganizations and restructurings.

\* Pursuant to fair value measurement and disclosure guidance, the Company currently categorizes investments by class as shown above.

**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

(in thousands except share and per share amounts)

The following chart shows the components of change in our investments categorized as Level 3, for the three months ended December 31, 2013:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)*						
	Secured Debt (2)	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/ Interests	Warrants	Total
Beginning Balance, September 30, 2013	\$ 619,374	\$ 377,020	\$ 180,453	\$ 13,151	\$ 212,755	\$ 13,723	\$ 1,416,476
Total realized gains (losses) included in earnings	(5,414)	1,279	321	99	10,542		6,827
Total change in unrealized gain (loss) included in earnings	8,191	2,881	5,437	4,506	(10,033)	101	11,083
Net amortization on investments	316	295	90				701
Purchases, including capitalized PIK	195,478	12,514	71,887	71,780	511	76	352,246
Sales	(112,014)	(49,407)	(26,928)	(98)	(15,928)		(204,375)
Transfers out of Level 3 (1)	(161,833)						(161,833)
Transfers into Level 3 (1)	170,186						170,186
Ending Balance, December 31, 2013	\$ 714,284	\$ 344,582	\$ 231,260	\$ 89,438	\$ 197,847	\$ 13,900	\$ 1,591,311

The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gain (loss) relating to our Level 3 assets still held at the reporting date and reported within the net change in unrealized gain (loss) on investments in our Statement of Operations

	\$ 2,504	\$ 4,454	\$ 4,821	\$ 4,505	\$ 604	\$ 101	\$ 16,989
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(1) Transfers out of Level 3 are due to an increase in the availability of qualified observable inputs and transfers into Level 3 are due to a decrease in the availability of qualified observable inputs as assessed by the Adviser. Transfers are assumed to have occurred at the end of the period. There were no transfers between Level 1 and Level 2 fair value measurements during the period shown.

(2) Includes unfunded revolver obligations and letters of credit measured at fair value of \$(8,096).

\* Pursuant to fair value measurement and disclosure guidance, the Company currently categorizes investments by class as shown above.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

(in thousands except share and per share amounts)

The following chart shows the components of change in our investments categorized as Level 3, for the nine months ended December 31, 2013:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)*						
	Secured Debt (2)	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/ Interests	Warrants	Total
Beginning Balance, March 31, 2013	\$ 640,809	\$ 631,047	\$ 185,995	\$ 11,550	\$ 162,580	\$ 9,273	\$ 1,641,254
Total realized gains (losses) included in earnings	(27,698)	(41,941)	(4,461)	98	10,542		(63,460)
Total change in unrealized gain (loss) included in earnings	34,002	40,818	2,166	5,910	10,299	(1,677)	91,518
Net amortization on investments	486	1,338	238				2,062
Purchases, including capitalized PIK	543,419	93,077	171,169	71,978	36,738	6,304	922,685
Sales	(377,466)	(241,418)	(95,611)	(98)	(22,312)		(736,905)
Transfers out of Level 3 (1)	(337,985)	(138,339)	(38,728)				(515,052)
Transfers into Level 3 (1)	238,717		10,492				249,209
Ending Balance, December 31, 2013	\$ 714,284	\$ 344,582	\$ 231,260	\$ 89,438	\$ 197,847	\$ 13,900	\$ 1,591,311

The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gain (loss) relating to our Level 3 assets still held at the reporting date and reported within the net change in unrealized gain (loss) on investments in our Statement of Operations

	\$ 2,810	\$ 5,958	\$ 6,750	\$ 5,909	\$ 19,055	\$ (1,677)	\$ 38,805
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(1) Transfers out of Level 3 are due to an increase in the availability of qualified observable inputs and transfers into Level 3 are due to a decrease in the availability of qualified observable inputs as assessed by the Adviser. Transfers are assumed to have occurred at the end of the period. There were no transfers between Level 1 and Level 2 fair value measurements during the period shown.

(2) Includes unfunded revolver obligations and letters of credit measured at fair value of \$(8,096).

\* Pursuant to fair value measurement and disclosure guidance, the Company currently categorizes investments by class as shown above.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

(in thousands except share and per share amounts)

The following tables summarize the significant unobservable inputs the Company used to value the majority of its investments categorized within Level 3 as of December 31, 2014 and March 31, 2014. In addition to the techniques and inputs noted in the table below, according to our valuation policy we may also use other valuation techniques and methodologies when determining our fair value measurements. The below table is not intended to be all-inclusive, but rather provides information on the significant unobservable inputs as they relate to the Company's determination of fair values.

	Fair Value as of December 31, 2014	Quantitative Information about Level 3 Fair Value Measurements				
		Valuation Techniques/ Methodologies	Unobservable Input	Range		Weighted Average
Secured Debt	761,154	Yield Analysis	Discount Rate	9.4%	19.4%	12.6%
	334,084	Discounted Cash Flow	Discount Rate	12.0%	12.0%	12.0%
	1,000	Recent Transaction	Recent Transaction	N/A	N/A	N/A
	508,618	Broker Quoted	Broker Quote	N/A	N/A	N/A
Unsecured Debt	366,986	Yield Analysis	Discount Rate	10.1%	18.0%	10.7%
	22,614	Broker Quoted	Broker Quote	N/A	N/A	N/A
Structured Products and Other	35,533	Yield Analysis	Discount Rate	11.2%	15.0%	11.5%
	303,047	Discounted Cash Flow	Discount Rate	4.0%	14.0%	12.2%
	17,615	Broker Quoted	Broker Quote	N/A	N/A	N/A
Preferred Equity	23,518	Yield Analysis	Discount Rate	11.0%	11.0%	11.0%
	74,108	Market Comparable Approach	Comparable Multiple	2.2x	12.1x	7.7x
	9,364	Discounted Cash Flow	Discount Rate	19.0%	19.0%	19.0%
	30,439	Option Pricing Model	Expected Volatility	71.6%	71.6%	71.6%
Common Equity/Interests	170,289	Discounted Cash Flow	Discount Rate	12.8%	30.0%	12.9%
	6,063	Other	Illiquidity/Restrictive discount	7.0%	7.0%	7.0%
	148,056	Market Comparable Approach	Comparable Multiple	2.2x	12.1x	8.3x
	33,000	Recent Transaction	Recent Transaction	N/A	N/A	N/A
Warrants	4,450	Recent Transaction	Recent Transaction	N/A	N/A	N/A
	365	Other	Illiquidity/Restrictive discount	20.0%	20.0%	20.0%
	1,553	Market Comparable Approach	Comparable Multiple	5.3x	14.1x	13.8x
Total	\$ 2,851,856					

N/A Not applicable

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**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

(in thousands except share and per share amounts)

	Fair Value as of March 31, 2014	Quantitative Information about Level 3 Fair Value Measurements				
		Valuation Techniques/ Methodologies	Unobservable Input	Range		Weighted Average
Secured Debt	\$ 714,999	Yield Analysis	Discount Rate	8.2%	27.3%	13.2%
	26,370	Recent Transactions	Recent Transactions	N/A	N/A	N/A
	194,313	Broker Quoted	Broker Quote	N/A	N/A	N/A
Unsecured Debt	395,630	Yield Analysis	Discount Rate	9.3%	45.0%	11.7%
	19,450	Broker Quoted	Broker Quote	N/A	N/A	N/A
Structured Products and Other	30,158	Yield Analysis	Discount Rate	11.6%	15.0%	12.3%
	146,970	Discounted Cash Flow	Discount Rate	10.0%	15.5%	13.9%
	1,097	Recent Transactions	Recent Transactions	N/A	N/A	N/A
	30,675	Broker Quoted	Broker Quote	N/A	N/A	N/A
Preferred Equity	70,442	Market Comparable Approach	Comparable Multiple	2.0x	10.0x	7.1x
	22,620	Yield Analysis	Discount Rate	12.3%	12.3%	12.3%
Common Equity/Interests	125,608	Market Comparable Approach	Comparable Multiple	2.0x	12.0x	8.1x
	17	Net Asset Value	Underlying Assets/ Liabilities	N/A	N/A	N/A
	142,117	Yield Analysis	Discount Rate	13.1%	30.0%	13.2%
	6,958	Other	Illiquidity/Restrictive discount	7.0%	7.0%	7.0%
Warrants	4,707	Market Comparable Approach	Comparable Multiple	5.3x	6.0x	6.0x
	1,398	Other	Illiquidity/ Restrictive discount	20.0%	20.0%	20.0%
	5,069	Recent Transactions	Recent Transactions	N/A	N/A	N/A
<b>Total</b>	<b>\$ 1,938,598</b>					

N/A Not applicable

The significant unobservable inputs used in the fair value measurement of the Company's debt and equity securities are primarily earnings before interest, taxes, depreciation and amortization (EBITDA), comparable multiples, and market discount rates. The Company typically uses EBITDA comparable multiples on its equity securities to determine the fair value of investments. The Company uses market discount rates for debt securities to determine if the effective yield on a debt security is commensurate with the market yields for that type of debt security. If a debt security's effective yield is significantly less than the market yield for a similar debt security with a similar credit profile, then the resulting fair value of the debt security may be lower. Significant increases or decreases in either of these inputs in isolation would result in a significantly

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lower or higher fair value measurement. The significant unobservable inputs used in the fair value measurement of the structured products include the discount rate applied in the valuation models in addition to default and recovery rates applied to projected cash flows in the valuation models. Specifically, when a discounted cash flow model is used to determine fair value, the significant input used in the valuation model is the discount rate applied to

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**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)****(in thousands except share and per share amounts)**

present value the projected cash flows. Increases in the discount rate can significantly lower the fair value of an investment; conversely, decreases in the discount rate can significantly increase the fair value of an investment. The discount rate is determined based on the market rates an investor would expect for a similar investment with similar risks.

**PIK Interest and Dividends**

The Company holds loans and investments, including certain preferred equity investments that may have contractual PIK interest or dividends. PIK interest and dividends computed at the contractual rate are accrued into income and reflected as receivable up to the capitalization date.

PIK income for the three and nine months ended December 31, 2014 and December 31, 2013 is summarized below.

	<b>Three Months Ended December 31,</b>		<b>Nine Months Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
PIK income for the period	\$ 8,619	\$ 8,417	\$ 24,889	\$ 21,447

Capitalized PIK income for the three and nine months ended December 31, 2014 and December 31, 2013 is summarized below:

	<b>Three Months Ended December 31,</b>		<b>Nine Months Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
PIK balance at beginning of period	\$ 73,608	\$ 54,991	\$ 58,185	\$ 45,658
Gross PIK income capitalized	7,097	4,119	24,155	21,008
Adjustments due to investment exits				(25)
Proceeds from capitalized PIK investments	(448)	(7,211)	(2,083)	(14,742)
PIK balance at end of period	\$ 80,257	\$ 51,899	\$ 80,257	\$ 51,899

**Derivatives**

During the three months ended June 30, 2013, we entered into interest rate swap and interest rate cap agreements to manage interest rate risk associated with one of our structured product investments. During the three months ended September 30, 2013, we exited the investment and unwound the derivatives. We do not hold or issue derivative contracts for speculative purposes. We recorded the accrual of periodic interest settlements in net unrealized gain/loss and subsequently recorded the cash payments as a net realized gain or loss on the interest settlement date, activities which are classified under operating activities in our Statement of Cash Flows.

As of December 31, 2014, we did not hold any derivative investments and during the three and nine months ended December 31, 2014, we did not enter into any derivative transactions. For the three months ended December 31, 2013, there was no profit and loss activity for derivative instruments. The table below summarizes the effect of derivative instruments on our Statement of Operations for the nine months ended December 31, 2013:

**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)****(in thousands except share and per share amounts)***For the nine months ended December 31, 2013:*

<b>Derivative Instruments</b>	<b>Unrealized Gain/(Loss)</b>	<b>Realized Gain/(Loss)</b>	<b>Total Gain (Loss)</b>
Interest rate swaps	\$	\$ 13,162	\$ 13,162
Interest rate caps		(4,621)	(4,621)
<b>Total</b>	<b>\$</b>	<b>\$ 8,541</b>	<b>\$ 8,541</b>

The interest income and interest expense on derivatives is shown in the Statement of Operations within net realized and unrealized gain/loss from investments, cash equivalents, foreign currencies and derivatives. For purposes of the performance-based incentive fee, interest income and interest expense derived from the derivative instruments are included in the calculation of pre-incentive fee net investment income. The interest income and interest expense on derivatives is excluded from the cumulative realized capital gains and cumulative realized capital losses for purposes of the capital gains incentive fee calculation.

***Credit Risk-Related Contingent Features***

The use of derivatives creates exposure to counterparty credit risk that may result in potential losses in the event that the counterparties to these instruments fail to perform their obligations under the agreements governing such derivatives. The Company seeks to minimize this risk by limiting the Company's counterparties to major financial institutions with acceptable credit ratings and monitoring positions with individual counterparties. In addition, the Company may be required under the terms of its derivatives agreements to pledge assets as collateral to secure its obligations under the derivatives. The amount of collateral varies over time based on the fair value, notional amount, and remaining term of the derivatives and may exceed the amount owed by the Company on a fair value basis. In the event of a default by a counterparty, the Company would be an unsecured creditor to the extent of any such overcollateralization. At December 31, 2014, there is no cash pledged as collateral.

The International Swaps and Derivatives Association (ISDA) Master Agreement that the Company has in place contains customary default provisions including a cross default provision relating to third-party indebtedness in excess of a specified threshold. Following an event of default, the Company could be required to settle its obligations under the ISDA Master Agreement at their termination values. Additionally, under the Company's ISDA Master Agreement, the Company could be required to settle its obligations under the ISDA Master Agreement at their termination values if the Company fails to maintain certain minimum stockholders' equity thresholds or if the Company fails to comply with certain specified financial covenants.

**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

(in thousands except share and per share amounts)

**Note 6. Foreign Currency Transactions and Translations**

The Company had the following outstanding non-US borrowings on its Senior Secured Facility (as defined in note 9) at December 31, 2014 and March 31, 2014.

Foreign Currency	Local Currency	As of December 31, 2014			Unrealized Gain/ (Loss)
		Original Borrowed Value	Current Value	Reset Date	
British Pounds	£ 20,000	\$ 31,555	\$ 31,185	1/12/2015	\$ 370
British Pounds	£ 23,000	35,984	35,863	1/20/2015	121
British Pounds	£ 6,600	10,622	10,291	1/30/2015	331
Euros	19,200	25,803	23,233	1/30/2015	2,570
Canadian Dollars	CAD 65,100	60,245	56,205	1/30/2015	4,040
		\$ 164,209	\$ 156,777		\$ 7,432

Foreign Currency	Local Currency	As of March 31, 2014			Unrealized Gain/ (Loss)
		Original Borrowed Value	Current Value	Reset Date	
British Pounds	£ 45,100	\$ 72,078	\$ 75,188	4/30/2014	\$ (3,110)
Euros	18,200	24,474	25,084	4/30/2014	(610)
Euros	9,500	12,680	13,093	4/24/2014	(413)
Canadian Dollars	CAD 34,100	31,766	30,895	4/24/2014	871
		\$ 140,998	\$ 144,260		\$ (3,262)

**Note 7. Cash Equivalents**

There were no cash equivalents held as of December 31, 2014 and March 31, 2014.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

(in thousands except share and per share amounts)

**Note 8. Financial Highlights**

The following is a schedule of financial highlights for the nine months ended December 31, 2014 and the fiscal year ended March 31, 2014:

	Nine Months Ended December 31, 2014 (unaudited)	Fiscal Year Ended March 31, 2014
<b>Per Share Data:</b>		
Net asset value, beginning of period	\$ 8.67	\$ 8.27
Net investment income (1)	0.75	0.91
Net realized and unrealized gain (loss)	(0.39)	0.30
Net increase in net assets resulting from operations (2)	0.36	1.20
Dividends to stockholders from income (3)	(0.60)	(0.80)
Dividends to stockholders from return of capital (3)		
Effect of dilution		
Offering costs (4)		
Net asset value at end of period	\$ 8.43	\$ 8.67
Per share market value at end of period	\$ 7.42	\$ 8.31
Total return (5)	(4.0)%	9.4%
Shares outstanding at end of period	236,741,351	236,741,351
<b>Ratio/Supplemental Data:</b>		
Net assets at end of period (in millions)	\$ 1,996.7	\$ 2,051.6
Ratio of net investment income to average net assets (7)	11.42%	10.85%
Ratio of operating expenses to average net assets (6) (7)	6.33%	6.01%
Ratio of interest and other debt expenses to average net assets (7)	3.77%	3.70%
Ratio of net expenses to average net assets (6) (7)	10.10%	9.71%
Average debt outstanding	\$ 1,576,257	\$ 1,238,940
Average debt per share	\$ 6.66	\$ 5.56
Portfolio turnover ratio (7)	64.3%	75.9%

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- (1) Per share net investment income is based on the average shares outstanding
- (2) For fiscal year ended March 31, 2014, the net increase in net assets resulting from operations represents rounded numbers.
- (3) Dividends and distributions are determined based on taxable income calculated in accordance with income tax regulations which may differ from amounts determined under GAAP. Per share amounts reflect total dividends paid divided by average shares for the respective periods.
- (4) Offering costs per share represent less than one cent per average share for the nine months ended December 31, 2014 and fiscal year ended March 31, 2014.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)****(in thousands except share and per share amounts)**

- (5) Total return is based on the change in market price per share during the respective periods. Total return also takes into account dividends and distributions, if any, reinvested in accordance with the Company's dividend reinvestment plan.
- (6) The ratio of operating expenses to average net assets and the ratio of total expenses to average net assets are shown inclusive of all voluntary management and incentive fee waivers (see note 3). For the nine months ended December 31, 2014, the ratio of operating expenses to average net assets and the ratio of total expenses to average net assets would be 7.11% and 10.88%, respectively, without the voluntary fee waivers. For the fiscal year ended March 31, 2014, the ratio of operating expenses to average net assets and the ratio of total expenses to average net assets would be 6.66% and 10.36%, respectively, without the voluntary fee waivers.
- (7) Annualized  
Information about our senior securities is shown in the following table as of each year ended March 31 since the Company commenced operations, unless otherwise noted. The **⊖** indicates information which the SEC expressly does not require to be disclosed for certain types of senior securities.

<b>Class and Year</b>	<b>Total Amount Outstanding (1)</b>	<b>Asset Coverage Per Unit (2)</b>	<b>Involuntary Liquidating Preference Per Unit (3)</b>	<b>Estimated Market Value</b>
<b>Senior Secured Facility</b>				
Fiscal 2015 (through December 31, 2014)	\$ 669,777	\$ 951		\$ 665,599(4)
Fiscal 2014	602,261	1,095		602,983(4)
Fiscal 2013	536,067	1,137		551,097
Fiscal 2012	539,337	1,427		N/A
Fiscal 2011	628,443	1,707		N/A
Fiscal 2010	1,060,616	2,671		N/A
Fiscal 2009	1,057,601	2,320		N/A
Fiscal 2008	1,639,122	2,158		N/A
Fiscal 2007	492,312	4,757		N/A
Fiscal 2006	323,852	4,798		N/A
Fiscal 2005				N/A
<b>Senior Secured Notes</b>				
Fiscal 2015 (through December 31, 2014)	\$ 270,000	\$ 384		\$ 274,777(4)
Fiscal 2014	270,000	491		280,067(4)
Fiscal 2013	270,000	572		282,173
Fiscal 2012	270,000	714		N/A
Fiscal 2011	225,000	611		N/A
Fiscal 2010				N/A
Fiscal 2009				N/A
Fiscal 2008				N/A
Fiscal 2007				N/A
Fiscal 2006				N/A
Fiscal 2005				N/A



**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

(in thousands except share and per share amounts)

<b>Class and Year</b>	<b>Total Amount Outstanding (1)</b>	<b>Asset Coverage Per Unit (2)</b>	<b>Involuntary Liquidating Preference Per Unit (3)</b>	<b>Estimated Market Value</b>
<b>2042 Notes</b>				
Fiscal 2015 (through December 31, 2014)	\$ 150,000	\$ 213		\$ 151,140(5)
Fiscal 2014	150,000	273		145,680(5)
Fiscal 2013	150,000	318		148,920
Fiscal 2012				N/A
Fiscal 2011				N/A
Fiscal 2010				N/A
Fiscal 2009				N/A
Fiscal 2008				N/A
Fiscal 2007				N/A
Fiscal 2006				N/A
Fiscal 2005				N/A
<b>2043 Notes</b>				
Fiscal 2015 (through December 31, 2014)	\$ 150,000	\$ 213		\$ 150,240(5)
Fiscal 2014	150,000	273		142,500(5)(6)
Fiscal 2013				N/A
Fiscal 2012				N/A
Fiscal 2011				N/A
Fiscal 2010				N/A
Fiscal 2009				N/A
Fiscal 2008				N/A
Fiscal 2007				N/A
Fiscal 2006				N/A
Fiscal 2005				N/A
<b>2024 Note</b>				
Fiscal 2015 (through December 31, 2014)	\$ 148,876	\$ 213		\$ 151,470(4)
Fiscal 2014				N/A
Fiscal 2013				N/A
Fiscal 2012				N/A
Fiscal 2011				N/A
Fiscal 2010				N/A
Fiscal 2009				N/A
Fiscal 2008				N/A
Fiscal 2007				N/A
Fiscal 2006				N/A
Fiscal 2005				N/A
<b>Convertible Notes</b>				
Fiscal 2015 (through December 31, 2014)	\$ 200,000	\$ 284		\$ 207,910(5)
Fiscal 2014	200,000	364		212,734(5)
Fiscal 2013	200,000	424		212,000
Fiscal 2012	200,000	529		N/A
Fiscal 2011	200,000	544		N/A
Fiscal 2010				N/A



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**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

(in thousands except share and per share amounts)

<b>Class and Year</b>	<b>Total Amount Outstanding (1)</b>	<b>Asset Coverage Per Unit (2)</b>	<b>Involuntary Liquidating Preference Per Unit (3)</b>	<b>Estimated Market Value</b>
Fiscal 2008				N/A
Fiscal 2007				N/A
Fiscal 2006				N/A
Fiscal 2005				N/A
<b>Total Debt Securities</b>				
Fiscal 2015 (through December 31, 2014)	\$ 1,588,653	\$ 2,258	\$	\$ 1,601,136
Fiscal 2014	1,372,261	2,496		1,383,964
Fiscal 2013	1,156,067	2,451		1,194,190
Fiscal 2012	1,009,337	2,670		N/A
Fiscal 2011	1,053,443	2,862		N/A
Fiscal 2010	1,060,616	2,671		N/A
Fiscal 2009	1,057,601	2,320		N/A
Fiscal 2008	1,639,122	2,158		N/A
Fiscal 2007	492,312	4,757		N/A
Fiscal 2006	323,852	4,798		N/A
Fiscal 2005				N/A

N/A Not applicable

- (1) Total amount of each class of senior securities outstanding at the end of the period presented.
- (2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by one thousand to determine the Asset Coverage Per Unit. In order to determine the specific Asset Coverage Per Unit for each class of debt, the total Asset Coverage Per Unit was divided based on the amount outstanding at the end of the period for each.
- (3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it.
- (4) The fair value of these debt obligations are categorized as Level 3 under ASC 820 as of December 31, 2014 and March 31, 2014. The valuation is based on a yield analysis and discount rate commensurate with the market yields for similar types of debt.
- (5) The fair value of these debt obligations are categorized as Level 1 under ASC 820 as of December 31, 2014 and March 31, 2014. The valuation is based on quoted prices of identical liabilities in active markets.

(6) The amount was updated to \$142,500 from \$128,250 to reflect the correct fair value.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

(in thousands except share and per share amounts)

**Note 9. Debt**

The Company's outstanding debt obligations as of December 31, 2014 were as follows:

	December 31, 2014			
	Date Issued / Amended	Total Aggregate Principal Amount Committed	Principal Amount Outstanding	Final Maturity Date
Senior Secured Facility	2013	\$ 1,270,000	\$ 669,777	8/31/2018
Senior Secured Notes	2010	225,000	225,000	10/4/2015
Senior Secured Notes (Series A)	2011	29,000	29,000	9/26/2016
Senior Secured Notes (Series B)	2011	16,000	16,000	9/29/2018
2042 Notes	2012	150,000	150,000	10/15/2042
2043 Notes	2013	150,000	150,000	7/15/2043
2024 Note	2014	150,000	148,876	10/30/2024
Convertible Notes	2011	200,000	200,000	1/15/2016
<b>Total Debt Obligations</b>		<b>\$ 2,190,000</b>	<b>\$ 1,588,653</b>	

**Senior Secured Facility**

On September 13, 2013, the Company amended and restated its senior secured, multi-currency, revolving credit facility (the Senior Secured Facility). The amendment increased the lenders' commitments total to approximately \$1,250,000, extended the final maturity date to through August 31, 2018, and allowed the Company to seek additional commitments from new and existing lenders in the future, up to an aggregate facility size not to exceed \$1,710,000. On April 16, 2014, the Company obtained an additional commitment from a new lender, increasing the size of the Senior Secured Facility to \$1,270,000. The Senior Secured Facility is secured by substantially all of the assets in Apollo Investment's portfolio, including cash and cash equivalents. Commencing September 30, 2017, the Company is required to repay, in twelve consecutive monthly installments of equal size, the outstanding amount under the Senior Secured Facility as of August 31, 2017. Pricing for Alternate Base Rate (ABR) borrowings is 100 basis points over the applicable Prime Rate and pricing for Eurocurrency borrowings is 200 basis points over the LIBOR Rate. The Company is required to pay a commitment fee of 0.375% per annum on any unused portion of the Senior Secured Facility and a letter of credit participation fee of 2.00% per annum plus a letter of credit fronting fee of 0.25% per annum on the letters of credit issued. The Senior Secured Facility contains affirmative and restrictive covenants, including: (a) periodic financial reporting requirements, (b) maintaining minimum stockholders' equity of the greater of (i) 40% of the total assets of Apollo Investment and its consolidated subsidiaries as at the last day of any fiscal quarter and (ii) the sum of (A) \$845,000 plus (B) 25% of the net proceeds from the sale of equity interests in Apollo Investment after the closing date of the Senior Secured Facility, (c) maintaining a ratio of total assets, less total liabilities (other than indebtedness) to total indebtedness, in each case of Apollo Investment and its consolidated subsidiaries, of not less than 2.0:1.0, (d) limitations on the incurrence of additional indebtedness, including a requirement to meet a certain minimum liquidity threshold before Apollo Investment can incur such additional debt, (e) limitations on liens, (f) limitations on investments (other than in the ordinary course of Apollo Investment's business), (g) limitations on mergers and disposition of assets (other than in the normal course of Apollo Investment's business activities), (h) limitations on the creation or existence of agreements that permit liens on properties of Apollo Investment's consolidated

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**APOLLO INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

**(in thousands except share and per share amounts)**

subsidiaries and (i) limitations on the repurchase or redemption of certain unsecured debt and debt securities. In addition to the asset coverage ratio described in clause (c) of the preceding sentence, borrowings under the Senior Secured Facility (and the incurrence of certain other permitted debt) are subject to compliance with a borrowing base that applies different advance rates to different types of assets in Apollo Investment's portfolio.

The Senior Secured Facility also provides for the issuance of letters of credit for up to an aggregate amount of \$125,000. As of December 31, 2014 and March 31, 2014, the Company had \$25,246 and \$15,746, respectively, in standby letters of credit issued through the Senior Secured Facility. The amount available for borrowing under the Senior Secured Facility is reduced by any standby letters of credit issued. Under GAAP, these letters of credit are considered commitments, not liabilities, since no funding has been made. These letters of credit are not considered senior securities because they are not in the form of a typical financial guarantee and the portfolio companies are obligated to refund any drawn amounts. The available remaining capacity under the Senior Secured Facility was \$574,976 at December 31, 2014. Terms used in this paragraph have the meanings set forth in the Senior Secured Facility.

***Senior Secured Notes***

On September 30, 2010, the Company entered into a note purchase agreement with certain institutional accredited investors providing for a private placement issuance of \$225,000 in aggregate principal amount of five-year, senior secured notes with an annual fixed interest rate of 6.25% and a maturity date of October 4, 2015 (the Senior Secured Notes). On October 4, 2010, the Senior Secured Notes issued by Apollo Investment were sold to certain institutional accredited investors pursuant to an exemption from registration under the Securities Act of 1933, as amended. Interest on the Senior Secured Notes is due semi-annually on April 4 and October 4, commencing on April 4, 2011.

On September 29, 2011, the Company closed a private offering of \$45,000 aggregate principal amount of senior secured notes (the Notes) consisting of two series: (1) 5.875% Senior Secured Notes, Series A, of the Company due September 29, 2016 in the aggregate principal amount of \$29,000; and (2) 6.250% Senior Secured Notes, Series B, of the Company due September 29, 2018, in the aggregate principal amount of \$16,000. The Notes were issued in a private placement only to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. Interest on the Senior Secured Notes is due semi-annually on March 29 and September 29, commencing on March 29, 2012.

***2042 Notes***

On October 9, 2012, the Company issued \$150,000 in aggregate principal amount of 6.625% senior unsecured notes due 2042 for net proceeds of \$145,275 (the 2042 Notes). Interest on the 2042 Notes is paid quarterly on January 15, April 15, July 15 and October 15, at an annual rate of 6.625%, commencing on January 15, 2013. The 2042 Notes will mature on October 15, 2042. The Company may redeem the 2042 Notes in whole or in part at any time or from time to time on or after October 15, 2017. The 2042 Notes are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior, unsecured indebtedness. The 2042 Notes are listed on The New York Stock Exchange under the ticker symbol AIB.

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**APOLLO INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

**(in thousands except share and per share amounts)**

***2043 Notes***

On June 17, 2013, the Company issued \$135,000 in aggregate principal amount of 6.875% senior unsecured notes due 2043 and on June 24, 2013 an additional \$15,000 in aggregate principal amount of such notes was issued pursuant to the underwriters' over-allotment option exercise. In total, \$150,000 of aggregate principal was issued for net proceeds of \$145,275 (the 2043 Notes). Interest on the 2043 Notes is paid quarterly on January 15, April 15, July 15 and October 15, at an annual rate of 6.875%, commencing on October 15, 2013. The 2043 Notes will mature on July 15, 2043. The Company may redeem the 2043 Notes in whole or in part at any time or from time to time on or after July 15, 2018. The 2043 Notes are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior, unsecured indebtedness. The 2043 Notes are listed on The New York Stock Exchange under the ticker symbol AIY.

***2024 Note***

On October 30, 2014, the Company entered into a note purchase agreement with an institutional accredited investor providing a private placement issuance of \$150,000 in aggregate principal amount of a ten-year note with an annual fixed rate of 5.25% and a maturity of October 30, 2024 (the 2024 Note). On October 30, 2014, the Company issued the 2024 Note for net proceeds of \$148,875. Interest on the 2024 Note is due quarterly on January 15, April 15, July 15 and October 15, commencing on January 15, 2015. The 2024 Note is a general, unsecured obligation and ranks equal in right of payment with all of our existing unsecured indebtedness.

***Convertible Notes***

On January 25, 2011, the Company closed a private offering of \$200,000 aggregate principal amount of senior unsecured convertible notes (the Convertible Notes). The Convertible Notes were issued in a private placement only to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The Convertible Notes bear interest at an annual rate of 5.75%, payable semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2011. The Convertible Notes will mature on January 15, 2016 unless earlier converted or repurchased at the holder's option. Prior to December 15, 2015, the Convertible Notes will be convertible only upon certain corporate reorganizations, dilutive recapitalizations or dividends, or if, during specified periods our shares trade at more than 130% of the then applicable conversion price or the Convertible Notes trade at less than 97% of their conversion value and, thereafter, at any time. The Convertible Notes will be convertible by the holders into shares of common stock, initially at a conversion rate of 72.7405 shares of the Company's common stock per \$1 principal amount of Convertible Notes (14,548,100 common shares) corresponding to an initial conversion price per share of approximately \$13.75, which represents a premium of 17.5% to the \$11.70 per share closing price of the Company's common stock on The NASDAQ Global Select Market on January 19, 2011. The conversion rate will be subject to adjustment upon certain events, such as stock splits and combinations, mergers, spin-offs, increases in dividends in excess of \$0.28 per share per quarter and certain changes in control. Certain of these adjustments, including adjustments for increases in dividends, are subject to a conversion price floor of \$11.70 per share. The Convertible Notes are senior unsecured obligations and rank senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the Convertible Notes; equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness.

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**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)****(in thousands except share and per share amounts)**

(including existing unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities. As more fully reflected in note 4, the issuance is to be considered as part of the if-converted method for calculation of diluted EPS.

The following chart summarizes the components of average outstanding debt, maximum amount of debt outstanding, and the annualized interest cost, including commitment fees, for the three and nine months ended December 31, 2014 and 2013:

	Three Months Ended December 31, 2014	Three Months Ended December 31, 2013	Nine Months Ended December 31, 2014	Nine Months Ended December 31, 2013
Average outstanding debt balance	\$ 1,638,249	\$ 1,247,045	\$ 1,576,257	\$ 1,193,913
Maximum amount of debt outstanding	1,760,782	1,350,738	1,760,782	1,353,063
Weighted average annualized interest cost, including commitment fees, but excluding debt issuance costs (1)	4.50%	4.97%	4.46%	5.01%
Annualized amortized debt issuance cost	0.40%	0.53%	0.42%	0.61%
Total annualized interest cost	4.90%	5.50%	4.88%	5.62%

(1) Commitment fees for the three and nine months ended December 31, 2014 were \$457 and \$1,355, respectively. Commitment fees for the three and nine months ended December 31, 2013 were \$737 and \$2,066, respectively. As of December 31, 2014, the Company is in compliance with all debt covenants.

**Note 10. Public Offerings**

There were no offerings for the nine months ended December 31, 2014. The following table summarizes the total shares issued and proceeds received in public offerings of the Company's common stock net of underwriting discounts and offering costs for the fiscal year ended March 31, 2014:

	Shares Issued	Offering Price per Share	Proceeds net of underwriting discounts and offering costs
<b>2014</b>			
May 2013 public offering	21,850,000	\$ 8.60	\$ 181,819
February 2014 public offering	12,000,000	8.69	103,724
Total for the fiscal year ended March 31, 2014	33,850,000		\$ 285,543

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**Table of Contents****APOLLO INVESTMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)****(in thousands except share and per share amounts)**

The Company used the net proceeds from the public offerings during fiscal year ended March 31, 2014 to repay outstanding debt.

AIM has agreed to waive the base management and incentive fees associated with the incremental shares issued on the May 20, 2013 offering through March 31, 2015.

On August 11, 2011, the Company adopted a plan for the purpose of repurchasing up to \$200 million of its common stock in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934. The Company's plan was designed to allow it to repurchase its shares both during its open window periods and at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. A broker selected by the Company will have the authority under the terms and limitations specified in the plan to repurchase shares on the Company's behalf in accordance with the terms of the plan. Repurchases are subject to SEC regulations as well as certain price, market volume and timing constraints specified in the plan. While the portion of the plan reliant on Rule 10b-18 remains in effect, the portion reliant on Rule 10b5-1 is subject to periodic renewal and is not currently in effect. As of December 31, 2014, no shares have been repurchased.

On September 12, 2014, the Company announced an At the Market ( ATM ) program through which the Company can sell up to 16 million shares of its common stock from time to time. As of December 31, 2014, no shares had been sold through the Company's ATM program.

**Note 11. Commitments and Contingencies**

As of December 31, 2014 and March 31, 2014, the Company's unfunded commitments and contingencies were as follows:

	As of December 31, 2014	As of March 31, 2014
Unfunded revolver obligations and loans commitments (1) (2)	\$ 296,958	\$ 408,554
Unfunded delayed draw commitments on senior loans to portfolio companies	134,626	138,680
Unfunded delayed draw commitments on senior loans to portfolio companies (performance thresholds not met) (3)	25,753	48,923
Standby letters of credit issued for certain portfolio companies for which the Company and portfolio companies are liable	24,608	16,379

- (1) Included in this amount is \$65,916 and \$114,066 of the unfunded revolver commitment for Merx Aviation Finance, LLC (formerly Merx Aviation Finance Holdings II, LLC) as of December 31, 2014 and March 31, 2014, respectively.
- (2) The unfunded revolver obligations may or may not be funded to the borrowing party in the future. The amounts relate to loans with various maturity dates, but the entire amount was eligible for funding to the borrowers as of December 31, 2014, subject to the terms of each loan's respective credit agreements.
- (3) The borrowers are required to meet certain performance thresholds before the Company is obligated to fulfill the commitments and those performance thresholds were not met as of December 31, 2014.

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**APOLLO INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)**

**(in thousands except share and per share amounts)**

AIC's commitments are subject to the consummation of the underlying corporate transactions and conditional upon receipt of all necessary stockholder, regulatory and other applicable approvals.

**Note 12. Subsequent Events**

On February 4, 2015, the Board of Directors declared a dividend of \$0.20 per share for the second quarter of 2015, payable on April 6, 2015 to stockholders of record as of March 20, 2015.

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**\$1,500,000,000**

**Common Stock**

**Preferred Stock**

**Warrants**

**Debt Securities**

**Units**

**Subscription Rights**

**Purchase Contracts**

*Apollo Investment Corporation is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company, or BDC, under the Investment Company Act of 1940, or 1940 Act. Our investment objective is to generate current income and capital appreciation. We invest primarily in various forms of debt investments including secured and unsecured loans, mezzanine investments and/or equity in private middle market companies. We may also invest in the securities of public companies and structured products such as collateralized loan obligations. We fund a portion of our investment with borrowed money, a practice commonly known as leverage. We can offer no assurances that we will continue to achieve our objective.*

Apollo Investment Management, L.P., an affiliate of Apollo Global Management, LLC, a leading global alternative investment manager, serves as our investment adviser. Apollo Investment Administration, LLC provides the administrative services necessary for us to operate.

We may offer, from time to time, in one or more offerings, together or separately, up to \$1,500,000,000 of our common stock, preferred stock, debt securities, units, subscription rights, purchase contracts or warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, which we refer to, collectively, as the securities. The securities may be offered at prices and on terms to be described in one or more supplements to this prospectus. Pursuant to approval granted at a special meeting of stockholders held on August 5, 2014, we currently are permitted to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations that must be made by our board of directors.

Our common stock is quoted on The Nasdaq Global Select Market under the symbol AINV. The last reported closing price for our common stock on September 9, 2014 was \$8.76 per share.

This prospectus, and the accompanying prospectus supplement, contains important information you should know before investing in our securities. Please read it before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. This information is available free of charge by contacting us at 9 West 57th Street, New York, NY 10019 or by calling us collect at (212) 515-3450 or on our website at [www.apolloic.com](http://www.apolloic.com). The SEC also maintains a

website at [www.sec.gov](http://www.sec.gov) that contains such information free of charge.

**Investing in our securities involves a high degree of risk and is highly speculative. Before buying any securities, you should read the discussion of the material risks of investing in our securities in Risk Factors beginning on page 8 of this prospectus.**

**We invest in securities that have been rated below investment grade by independent rating agencies or that would be rated below investment grade if they were rated. These securities, which are often referred to as junk or high yield, have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and illiquid.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus may not be used to consummate sales of securities unless accompanied by a prospectus supplement.

The date of this Prospectus is September 12, 2014.

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You should rely only on the information contained in this prospectus and the accompanying prospectus supplement. We have not authorized anyone to provide you with additional information, or information different from that contained in this prospectus and the accompanying prospectus supplement. If anyone provides you with different or additional information, you should not rely on it. We are offering to sell, and seeking offers to buy, securities only in jurisdictions where offers and sales are permitted. The information contained in or incorporated by reference in this prospectus and the accompanying prospectus supplement is accurate only as of the date of this prospectus or such prospectus supplement. We will update these documents to reflect material changes. Our business, financial condition, results of operations and prospects may have changed since then.

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or the SEC, using the shelf registration process. Under the shelf registration process, we may offer, from time to time, up to \$1,500,000,000 of our common stock, preferred stock, debt securities, units, subscription rights, purchase contracts or warrants representing rights to purchase shares of our common stock, preferred stock or debt securities on the terms to be determined at the time of the offering. The securities may be offered at prices and on terms described in one or more supplements to this prospectus. This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. If applicable, the prospectus supplement will identify any selling stockholders acting under the terms of certain registration rights agreements we may enter into from time to time. The prospectus supplement may also add, update or change information contained in this prospectus. Please carefully read this prospectus and any prospectus supplement together with any exhibits and the additional information described under the headings **Available Information** and **Risk Factors** before you make an investment decision.

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**PROSPECTUS SUMMARY**

*This summary highlights some of the information in this prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under Risk Factors and the other information included in this prospectus. In this prospectus and any accompanying prospectus supplement, except where the context suggests otherwise, the terms we, us, our and Apollo Investment refer to Apollo Investment Corporation; Apollo Investment Management, AIM or investment adviser refers to Apollo Investment Management, L.P.; Apollo Administration or AIA refers to Apollo Investment Administration, LLC; and Apollo refers to the affiliated companies of Apollo Investment Management, L.P.*

**APOLLO INVESTMENT**

Apollo Investment Corporation, a Maryland corporation organized on February 2, 2004, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company ( BDC ) under the Investment Company Act of 1940 (the 1940 Act ). In addition, for tax purposes we have elected to be treated as a regulated investment company, or RIC, under the Internal Revenue Code of 1986, as amended (the Code ).

Our investment objective is to generate current income and capital appreciation. We invest primarily in various forms of debt investments including secured and unsecured loans, mezzanine investments and/or equity in private middle market companies. We may also invest in the securities of public companies and structured products such as collateralized loan obligations ( CLOs ) and credit-linked notes ( CLNs ). These structured products are typically a form a securitization in which the cash flows of a portfolio of loans are pooled and passed on to different classes of owners in various tranches.

Our portfolio is comprised primarily of investments in debt, including secured, unsecured and mezzanine debt of private middle-market companies that, in the case of senior secured loans, generally are not broadly syndicated and whose aggregate tranche size is typically less than \$250 million. Our portfolio also includes equity interests such as common stock, preferred stock, warrants or options. In this prospectus, we use the term middle-market to refer to companies with annual revenues between \$50 million and \$2 billion. While our investment objective is to generate current income and capital appreciation through investments in U.S. secured and unsecured loans, other debt securities and equity, we may also invest a portion of the portfolio in other investment opportunities, including foreign securities and structured products. Most of the debt instruments we invest in are unrated or rated below investment grade, which is an indication of size, credit worthiness and speculative nature relative to the capacity to pay interest and principal. Generally, if the Company's unrated investments were rated, they would be rated below investment grade. These securities, which are often referred to as junk or high yield, have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and illiquid.

AIM is our investment adviser and an affiliate of Apollo Global Management, LLC, and its consolidated subsidiaries ( AGM ). AGM and other affiliates manage other funds that may have investment mandates that are similar, in whole or in part, with ours. AIM and its affiliates may determine that an investment is appropriate both for us and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, AIM may determine that we should invest on a side-by-side basis with one or more other funds. We make all such investments subject to compliance with applicable regulations and interpretations, and our allocation procedures. In certain circumstances negotiated co-investments may be made only if we receive an order from the SEC permitting us to do so. There can be no assurance that any such order will be obtained.

During our fiscal year ended March 31, 2014, we invested \$2.8 billion across 81 new and 81 existing portfolio companies through a combination of primary and secondary debt investments. This compares to

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\$1.5 billion across 49 new and 36 existing portfolio companies for the previous fiscal year ended March 31, 2013. Investments sold or repaid during the fiscal year ended March 31, 2014 totaled \$2.3 billion versus \$1.3 billion for the fiscal year ended March 31, 2013. The weighted average yields on our secured debt portfolio, unsecured debt portfolio and total debt portfolio as of March 31, 2014 at our current cost basis were 10.8%, 11.5% and 11.1%, respectively. At March 31, 2013, the yields were 11.2%, 12.7% and 11.9%, respectively. The portfolio yields may be higher than an investor's yield on an investment in us due to sales load and other expenses.

At March 31, 2014, our portfolio consisted of 111 portfolio companies (which reflects counting investments in operating and holding companies within the same corporate structure as one portfolio company) and was invested 56% in secured debt, 27% in unsecured debt, 6% in structured products and other, 3% in preferred equity and 8% in common equity and warrants measured at fair value versus 81 portfolio companies invested 44% in secured debt, 43% in unsecured debt, 7% in structured products and other, 0% in preferred equity and 6% in common equity and warrants at March 31, 2013.

Since the initial public offering of Apollo Investment in April 2004 and through March 31, 2014, invested capital totaled \$13.1 billion in 291 portfolio companies. Over the same period, Apollo Investment completed transactions with more than 100 different financial sponsors.

At March 31, 2014, 58% or \$1.7 billion of our income-bearing investment portfolio is fixed rate debt and 42% or \$1.3 billion is floating rate debt, measured at fair value. On a cost basis, 58% or \$1.7 billion of our income-bearing investment portfolio is fixed rate debt and 42% or \$1.2 billion is floating rate debt. At March 31, 2013, 64% or \$1.6 billion of our income-bearing investment portfolio was fixed rate debt and 36% or \$0.9 billion was floating rate debt. On a cost basis, 65% or \$1.6 billion of our income-bearing investment portfolio was fixed rate debt and 35% or \$0.9 billion was floating rate debt.

### **ABOUT APOLLO INVESTMENT MANAGEMENT**

AIM, our investment adviser, is led by John Hannan, James Zelter and Edward Goldthorpe. Potential investment opportunities are generally approved by an investment committee composed of senior personnel across AGM including Mr. Zelter and Mr. Goldthorpe. The composition of the investment committee and its approval process for our investments may change from time to time. AIM draws upon AGM's more than 20 year history and benefits from the broader firm's significant capital markets, trading and research expertise developed through investments in many core sectors in over 200 companies since inception.

### **ABOUT APOLLO INVESTMENT ADMINISTRATION**

In addition to furnishing us with office facilities, equipment, and clerical, bookkeeping and record keeping services, AIA, an affiliate of AGM, also oversees our financial records as well as prepares our reports to stockholders and reports filed with the SEC. AIA also performs the calculation and publication of our net asset value, the payment of our expenses and oversees the performance of various third-party service providers and the preparation and filing of our tax returns. Furthermore, AIA provides on our behalf managerial assistance to those portfolio companies to which we are required to provide such assistance.

### **OPERATING AND REGULATORY STRUCTURE**

Our investment activities are managed by AIM and supervised by our board of directors, a majority of whom are independent of AGM and its affiliates. AIM is an investment adviser that is registered under the Investment Advisers Act of 1940, or the Advisers Act. Under our investment advisory and management agreement, we pay AIM an annual base management fee based on our average gross assets as well as an incentive fee. See Management Investment Advisory and Management Agreement.



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As a BDC, we are required to comply with certain regulatory requirements. Also, while we are permitted to finance investments using debt, our ability to use debt is limited in certain significant respects. See Regulation. We have elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Code. For more information, see Certain U.S. Federal Income Tax Considerations.

### **DETERMINATION OF NET ASSET VALUE**

The net asset value per share of our outstanding shares of common stock is determined quarterly by dividing the value of our total assets minus our liabilities by the total number of our shares outstanding.

In calculating the value of our total assets, we value investments for which market quotations are readily available at such market quotations if they are deemed to represent fair value. Market quotations may be deemed not to represent fair value in certain circumstances where AIM believes that facts and circumstances applicable to an issuer, a seller or purchaser or the market for a particular security causes current market quotes to not reflect the fair value of the security. Examples of these events could include cases in which material events are announced after the close of the market on which a security is primarily traded, when a security trades infrequently causing a quoted purchase or sale price to become stale or in the event of a fire sale by a distressed seller. Debt and equity securities that are not publicly traded or whose market price is not readily available or whose market quotations are not deemed to represent fair value are valued at fair value as determined in good faith by, or under the direction of, our board of directors pursuant to a written valuation policy and a consistently applied valuation process utilizing the input of our investment adviser, independent valuation firms, and the audit committee. Because there is no readily available market value for a significant portion of the investments in our portfolio, we value these portfolio investments at fair value as determined in good faith by the board of directors.

Due to the inherent uncertainty of determining the fair value of our investments, the value of our investments may differ significantly from the values that would have been used had a readily available market existed for such investments, and the differences could be material. Determination of fair values involves subjective judgments and estimates not susceptible to substantiation by auditing procedures. Accordingly, under current accounting standards, the notes to our financial statements refer to the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our financial statements. For more information, see Determination of Net Asset Value.

### **USE OF PROCEEDS**

Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds from the sale of our securities pursuant to this prospectus for general corporate purposes, which include investing in portfolio companies in accordance with our investment objective and strategies and repaying indebtedness incurred under our senior credit facility.

We anticipate that substantially all of the net proceeds of an offering of securities pursuant to this prospectus will be used for the above purposes within two years, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions. Our portfolio is comprised primarily of investments in debt, including secured, unsecured and mezzanine debt of private-middle market companies that, in the case of senior secured loans, generally are not broadly syndicated and whose aggregate tranche size is typically less than \$250 million. Pending such investments, we will use the net proceeds of an offering to invest in cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less from the date of investment, to reduce then-outstanding obligations under our credit facility or for other general corporate purposes. The supplement to this prospectus relating to an offering will more fully identify the use of the proceeds from such offering. For more information, see Use of Proceeds.

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**DISTRIBUTIONS ON COMMON STOCK**

We intend to continue to pay dividends or make other distributions on a quarterly basis to our common stockholders, however, we may not be able to maintain the current level of distribution payments, due to including, but not limited to, regulatory requirements. Our quarterly distributions, if any, will be determined by our board of directors. We expect that our distributions to shareholders generally will be from accumulated net investment income and from net realized capital gains, as applicable, although a portion may represent a return of capital. For more information, see [Distributions](#).

**DIVIDENDS ON PREFERRED STOCK**

We may issue preferred stock from time to time, although we have no immediate intention to do so. If we issue shares of preferred stock, holders of such preferred stock will be entitled to receive cash dividends at an annual rate that will be fixed or will vary for the successive dividend periods for each series. In general, the dividend periods for fixed rate preferred stock will be quarterly.

**DIVIDEND REINVESTMENT PLAN**

We have adopted an [opt-out](#) dividend reinvestment plan that provides for reinvestment of our dividend distributions on behalf of our stockholders, unless a stockholder elects to receive cash. As a result, if our board of directors authorizes, and we declare, a cash dividend, then our stockholders who have not [opted out](#) of our dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of our common stock, rather than receiving the cash dividends. A registered stockholder must notify our transfer agent in writing in order to [opt-out](#) of the dividend reinvestment plan. For more information, see [Dividend Reinvestment Plan](#).

**PLAN OF DISTRIBUTION**

We may offer, from time to time, up to \$1,500,000,000 of our common stock, preferred stock, debt securities, units, subscription rights, purchase contracts or warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, on terms to be determined at the time of the offering.

Securities may be offered at prices and on terms described in one or more supplements to this prospectus directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The supplement to this prospectus relating to the offering will identify any agents or underwriters involved in the sale of our securities, and will set forth any applicable purchase price, fee and commission or discount arrangement or the basis upon which such amount may be calculated. In compliance with the guidelines of the Financial Industry Regulatory Authority, Inc. ( [FINRA](#) ), the maximum compensation to the underwriters or dealers in connection with the sale of our securities pursuant to this prospectus and the accompanying supplement to this prospectus may not exceed 8% of the aggregate offering price of the securities as set forth on the cover page of the supplement to this prospectus.

We may not sell securities pursuant to this prospectus without delivering a prospectus supplement describing the method and terms of the offering of such securities. For more information, see [Plan of Distribution](#).

**CONTINUED USE OF LEVERAGE**

The availability of leverage depends upon the economic environment. Given current market conditions, there can be no assurance that we will be able to utilize leverage as anticipated, if at all, and we may determine or

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be required to reduce or eliminate our leverage over time. The current global economic environment, the potential systemic risk arising from illiquidity and rapid de-leveraging in the financial system at large may continue to contribute to market volatility and may have long-term effects on the U.S. and international financial markets. We cannot predict how long the financial markets and economic environment will continue to be affected by these events and cannot predict the effects of these or similar events.

**OUR CORPORATE INFORMATION**

Our administrative and principal executive offices are located at 730 Fifth Avenue, New York, NY 10019 and 9 West 57th Street, New York, NY 10019, respectively. Our common stock is quoted on The Nasdaq Global Select Market under the symbol AINV. Our Internet website address is [www.apolloic.com](http://www.apolloic.com). Information contained on our website is not incorporated by reference into this prospectus and you should not consider information contained on our website to be part of this prospectus.

**FEES AND EXPENSES**

The following table is intended to assist you in understanding the costs and expenses that an investor in shares of our common stock will bear directly or indirectly. We caution you that the percentage indicated for Other expenses in the table below is an estimate and may vary. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by you, us or Apollo Investment, or that we will pay fees or expenses, common stockholders will indirectly bear such fees or expenses as investors in Apollo Investment.

**Stockholder transaction expenses:**

Sales load (as a percentage of offering price)	(1)
Offering expenses (as a percentage of offering price)	(2)

Total common stockholder transaction expenses (as a percentage of offering price)	(3)
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**Annual expenses (as percentage of net assets attributable to common stock) (4):**

Management fees	3.13%(5)
Incentive fees payable under investment advisory and management agreement	1.96%(6)
Interest and other debt expenses on borrowed funds	3.65%(7)
Other expenses	0.72%(8)

Total annual expenses	9.46%(5-9)
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**Example**

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. These dollar amounts are based upon the assumption that our annual operating expenses (other than performance-based incentive fees) and leverage would remain at the levels set forth in the table above. Transaction expenses are not included in the following example. In the event that shares of our common stock to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 74	\$ 217	\$ 352	\$ 663

While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. Assuming a 5% annual return, the incentive fee under the investment advisory and management agreement may not be earned or payable and is not included in the



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example. This illustration assumes that we will not realize any capital gains computed net of all realized capital losses and gross unrealized capital depreciation in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses, and returns to our investors, would be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend. See Dividend Reinvestment Plan for additional information regarding our dividend reinvestment plan.

Assuming, however, that the incentive fee under the investment advisory and management agreement is earned and payable, the following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 92	\$ 265	\$ 423	\$ 1,760

**These examples and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown.**

- (1) In the event that the securities to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load.
- (2) The related prospectus supplement will disclose the estimated amount of offering expenses, the offering price and the offering expenses borne by us as a percentage of the offering price.
- (3) The expenses of the dividend reinvestment plan per share are included in Other expenses.
- (4) Net assets attributable to common stock equals net assets as of March 31, 2014.
- (5) The contractual management fee is calculated at an annual rate of 2.00% of our average total assets. Annual expenses are based on estimated annual costs for the current fiscal year, which are based on prior year amounts adjusted for new debt and equity issuances. For more detailed information about our computation of average total assets, please see Note 3 of our financial statements dated March 31, 2014 included in this prospectus.
- (6) Assumes that annual incentive fees earned by our investment adviser, AIM, remain consistent with the incentive fees earned by AIM for the fiscal year ended March 31, 2014 adjusted for new debt and equity issuances. AIM earns incentive fees consisting of two parts. The first part, which is payable quarterly in arrears, is based on our pre-incentive fee net investment income for the immediately preceding calendar quarter. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to the rate of 1.75% quarterly (7% annualized). Our net investment income used to calculate this part of the incentive fee is also included in the amount of our gross assets used to calculate the 2% base management fee (see footnote 5 above). Accordingly, we pay AIM an incentive fee as follows: (1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed 1.75%, which we commonly refer to as the performance threshold; (2) 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the performance threshold but does not



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exceed 2.1875% in any calendar quarter; and (3) 20% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter. These calculations are appropriately pro rated for any period of less than three months. The effect of the fee calculation described above is that if pre-incentive fee net investment income is equal to or exceeds 2.1875%, AIM will receive a fee of 20% of our pre-incentive fee net investment income for the quarter. You should be aware that a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates would make it easier for us to meet or exceed the incentive fee performance threshold and may result in a substantial increase of the amount of incentive fees payable to our investment adviser with respect to pre-incentive fee net investment income. Furthermore, since the performance threshold is based on a percentage of our net asset value, decreases in our net asset value make it easier to achieve the performance threshold. The second part of the incentive fee will equal 20% of our realized capital gains for the calendar year, if any, computed net of all realized capital losses and unrealized capital depreciation (and incorporating unrealized depreciation on a gross investment-by-investment basis) and is payable in arrears at the end of each calendar year. The net incentive fees are currently entirely attributable to net investment income incentive fees. For a more detailed discussion of the calculation of this fee, see Management Investment Advisory and Management Agreement.

- (7) Our interest and other debt expenses are based on estimated amounts for the annual current fiscal year, which are based on prior year amounts adjusted for new debt issuances. As of March 31, 2014, we had \$632 million available and \$602 million in borrowings outstanding under our \$1.25 billion credit facility and \$1.37 billion of total debt outstanding. As of March 31, 2014, the Company had \$16 million in standby letters of credit issued through the Senior Secured Facility. The amount available for borrowing under the Senior Secured Facility is reduced by any standby letters of credit issued. For more information, see Risk Factors Risks relating to our business and structure We fund a portion of our investments with borrowed money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us and Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in this base prospectus.
- (8) Includes our estimated overhead expenses, including payments under the administration agreement based on our allocable portion of overhead and other expenses incurred by AIA in performing its obligations under the administration agreement. See Management Administration Agreement in this base prospectus.
- (9) Total annual expenses as a percentage of net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage our net assets and increase our total assets. The SEC requires that the Total annual expenses percentage be calculated as a percentage of net assets (defined as total assets less indebtedness), rather than the total assets, including assets that have been funded with borrowed monies. If the Total annual expenses percentage were calculated instead as a percentage of total assets, our Total annual expenses would be 5.33% of total assets. For a presentation and calculation of total annual expenses based on total assets, see page 44 of this base prospectus.

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**RISK FACTORS**

*Before you invest in our shares, you should be aware of various risks, including those described below and those set forth under the caption **Recent Developments** in the accompanying prospectus supplement. You should carefully consider these risk factors, together with all of the other information included in this base prospectus and accompanying prospectus supplement, before you decide whether to make an investment in our securities. The risks set out below and in the accompanying prospectus supplement are not the only risks we face. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our common stock could decline or the value of our preferred stock, debt securities, units, subscription rights, purchase contracts or warrants may decline, and you may lose all or part of your investment.*

**CERTAIN RISKS IN THE CURRENT ENVIRONMENT**

*Capital markets could experience a period of disruption and instability. Such market conditions have historically and could again have a material and adverse effect on debt and equity capital markets in the United States and abroad, which could have a materially negative impact on our business and operations.*

Global capital markets have periodically experienced periods of instability as evidenced by the extended disruptions from 2007 to 2010 in liquidity in the debt capital markets, significant losses in the principal value of investments, the re-pricing of credit risk in the markets and the failure of certain major financial institutions. Such conditions may occur for a prolonged period of time. These market conditions have historically and could again have a material adverse effect on debt and equity capital markets in the United States and Europe, which could have a materially negative impact on our business, financial condition and results of operations. We and other companies in the financial services sector may have to access, if available, alternative markets for debt and equity capital. In such circumstances, equity capital may be difficult to raise because subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than net asset value without general approval by our stockholders, which we currently have, and approval of the specific issuance by our Board. In addition, our ability to incur indebtedness or issue preferred stock is limited by applicable regulations such that our asset coverage, as defined in the 1940 Act, must equal at least 200% immediately after each time we incur indebtedness or issue preferred stock. The debt capital that may be available, if at all, may be at a higher cost and on less favorable terms and conditions in the future. Any inability to raise capital could have a negative effect on our business, financial condition and results of operations.

Market conditions may in the future make it difficult to extend the maturity of or refinance our existing indebtedness, including the final maturity of our senior secured credit facility in May 2016, and any failure to do so could have a material adverse effect on our business. The illiquidity of our investments may make it difficult for us to sell such investments if required. As a result, we may realize significantly less than the value at which we have recorded our investments.

Given the extreme volatility and dislocation that the capital markets have historically experienced, many BDCs have faced, and may in the future face, a challenging environment in which to raise capital. We may in the future have difficulty accessing debt and equity capital, and a severe disruption in the global financial markets or deterioration in credit and financing conditions could have a material adverse effect on our business, financial condition and results of operations. In addition, significant changes in the capital markets, including the extreme volatility and disruption, have had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. An inability to raise capital, and any required sale of our investments for liquidity purposes, could have a material adverse impact on our business, financial condition or results of operations. AIM does not know how long the financial markets will continue to be affected by these events and cannot predict the effects of these or similar events in the future on the United States economy and securities markets or on our investments. AIM monitors developments and seeks to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance



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that it will be successful in doing so; and AIM may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments in the current or future market environment.

We are required to record certain of our assets at fair value, as determined in good faith by our board of directors in accordance with our valuation policy. As a result, volatility in the capital markets may have a material adverse effect on our investment valuations and our net asset value, even if we plan to hold investments to maturity.

***Uncertainty about the financial stability of the United States and of several countries in the European Union (EU) could have a significant adverse effect on our business, financial condition and results of operations.***

Due to federal budget deficit concerns, S&P downgraded the federal government's credit rating from AAA to AA+ for the first time in history on August 5, 2011. Further, Moody's and Fitch have warned that they may downgrade the federal government's credit rating. Further downgrades or warnings by S&P or other rating agencies, and the United States government's credit and deficit concerns in general, including issues around the federal debt ceiling, could cause interest rates and borrowing costs to rise, which may negatively impact both the perception of credit risk associated with our debt portfolio and our ability to access the debt markets on favorable terms. In addition, a decreased credit rating could create broader financial turmoil and uncertainty, which may weigh heavily on our financial performance and the value of our common stock.

In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the debt crisis in Europe or any similar crisis could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt in these countries and the financial condition of European financial institutions. Market and economic disruptions have affected, and may in the future affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and home prices, among other factors. We cannot assure you that market disruptions in Europe, including the increased cost of funding for certain governments and financial institutions, will not impact the global economy, and we cannot assure you that assistance packages will be available, or if available, be sufficient to stabilize countries and markets in Europe or elsewhere affected by a financial crisis. To the extent uncertainty regarding any economic recovery in Europe negatively impacts consumer confidence and consumer credit factors, our business, financial condition and results of operations could be significantly and adversely affected.

On December 18, 2013, the Federal Reserve announced that it would scale back its bond-buying program, or quantitative easing, which was designed to stimulate the economy and expand the Federal Reserve's holdings of long-term securities until key economic indicators, such as the unemployment rate, show signs of improvement. The Federal Reserve signaled it would reduce its purchases of long-term Treasury bonds and would scale back on its purchases of mortgage-backed securities. In March 2014, the Federal Reserve announced that it would continue to taper the quantitative easing program by an additional \$10 billion a month. It is unclear what effect, if any, the incremental reduction in the rate of the Federal Reserve's monthly purchases will have on the value of our investments. However, it is possible that absent continued quantitative easing by the Federal Reserve, these developments, along with the United States government's federal debt ceiling issues and the European sovereign debt crisis, could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms.

***Risks Associated with Recent Commodity Futures Trading Commission Actions***

AIM has claimed relief available under a no-action letter ( Letter 12-40 ) issued by the staff of the CFTC. Letter 12-40 relieves AIM from registering with the CFTC as the commodity pool operator ( CPO ) of AIC, provided that AIC (i) continues to be regulated by the SEC as a business development company, (ii) allocates no more than a designated percentage of its liquidation value to futures contracts, certain swap contracts and certain other derivative instruments that are within the jurisdiction of the Commodity Exchange

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Act (collectively, CEA-regulated products ), and (iii) is not marketed to the public as a commodity pool or as a vehicle for trading in CEA-regulated products. If AIC can no longer satisfy the conditions of Letter 12-40, AIM could be subject to the CFTC's CPO registration requirements, and the disclosure and operations of AIC would need to comply with all applicable regulations governing commodity pools and CPOs. If AIM were required to register as a CPO, it would also be required to become a member of the National Futures Association ( NFA ) and be subject to the NFA's rules and bylaws. Compliance with these additional registration and regulatory requirements may increase AIM's operating expenses, which, in turn, could result in AIC's investors being charged additional fees.

*The continued uncertainty related to the sustainability and pace of economic recovery in the U.S. and globally could have a negative impact on our business.*

Apollo Investment's business is directly influenced by the economic cycle, and could be negatively impacted by a downturn in economic activity in the US as well as globally. Fiscal and monetary actions taken by U.S. and non-U.S. government and regulatory authorities could have a material adverse impact on our business.

### **RISKS RELATING TO OUR BUSINESS AND STRUCTURE**

*We may suffer credit losses.*

Investment in small and middle-market companies is highly speculative and involves a high degree of risk of credit loss. These risks are likely to increase during volatile economic periods, as the U.S. and many other economies have experienced. See Risks Related to Our Investments.

*We are dependent upon Apollo Investment Management's key personnel for our future success and upon their access to AGM's investment professionals and partners.*

We depend on the diligence, skill and network of business contacts of the senior management of AIM specifically and AGM generally. Members of our senior management may depart at any time. We also depend, to a significant extent, on AIM's access to the investment professionals and partners of AGM and the information and deal flow generated by the AGM investment professionals in the course of their investment and portfolio management activities. The senior management of AIM evaluates, negotiates, structures, closes and monitors our investments. Our future success depends on the continued service of senior members of AGM's credit platform, including the senior management team of AIM. The departure of our senior management, any senior managers of AIM, or of a significant number of the investment professionals or partners of AGM, could have a material adverse effect on our ability to achieve our investment objective. In addition, we can offer no assurance that AIM will remain our investment adviser or that we will continue to have access to AGM's partners and investment professionals or its information and deal flow.

*Our financial condition and results of operations depend on our ability to manage future growth effectively.*

Our ability to achieve our investment objective depends, in part, on our ability to grow, which depends, in turn, on AIM's ability to identify, invest in and monitor companies that meet our investment criteria. Accomplishing this result on a cost-effective basis is largely a function of AIM's structuring of the investment process, its ability to provide competent, attentive and efficient services to us and our access to financing on acceptable terms. The senior management team of AIM has substantial responsibilities under the investment advisory and management agreement, and with respect to certain members, in connection with their roles as officers of other AGM funds.

They may also be called upon to provide managerial assistance to our portfolio companies. These demands on their time may distract them or slow the rate of investment. In order to grow, we and AIM need to hire, train, supervise and manage new employees. Any failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations.

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### ***We operate in a highly competitive market for investment opportunities.***

A number of entities compete with us to make the types of investments that we make. We compete with public and private funds, commercial and investment banks, commercial financing companies, other BDCs and, to the extent they provide an alternative form of financing, private equity funds. Competition for investment opportunities intensifies from time to time and may intensify further in the future. Some of our existing and potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions and valuation requirements that the 1940 Act imposes on us as a BDC and that the Code imposes on us as a RIC. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this existing and potentially increasing competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

We do not seek to compete primarily based on the interest rates we offer, and we believe that some of our competitors make loans with interest rates that are comparable to or lower than the rates we offer.

We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we match our competitors' pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss.

### ***Any failure on our part to maintain our status as a BDC would reduce our operating flexibility.***

If we do not remain a BDC, we might be regulated as a closed-end investment company under the 1940 Act, which would subject us to substantially more regulatory restrictions under the 1940 Act and correspondingly decrease our operating flexibility.

### ***We will be subject to corporate-level income tax if we are unable to qualify as a RIC.***

To qualify as a RIC under the Code, we must meet certain source-of-income, asset diversification and annual distribution requirements. The annual distribution requirement for a RIC generally is satisfied if we distribute at least 90% of our investment company taxable income (generally, our ordinary income and the excess, if any, of our net short-term capital gains over our net long-term capital losses), if any, to our stockholders on an annual basis. To the extent we use debt financing, we are subject to certain asset coverage ratio requirements and other financial covenants under loan and credit agreements, and could in some circumstances also become subject to such requirements under the 1940 Act, that could, under certain circumstances, restrict us from making distributions necessary to qualify as a RIC. If we are unable to obtain cash from other sources, we may fail to qualify as a RIC and, thus, may be subject to corporate-level income tax. To qualify as a RIC, we must also meet certain asset diversification requirements at the end of each calendar quarter. Failure to meet these tests may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments are in private companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses. If we fail to qualify as a RIC for any reason and become subject to corporate-level income tax, the resulting corporate-level taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. Such a failure would have a material adverse effect on us and our stockholders.

To qualify again to be taxed as a RIC in a subsequent year, we would be required to distribute to our stockholders our earnings and profits attributable to non-RIC years. In addition, if we failed to qualify as a RIC

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for a period greater than two taxable years, then we would be required to elect to recognize and pay tax on any net built-in gain (the excess of aggregate gain, including items of income, over aggregate loss that would have been realized if we had been liquidated) or, alternatively, be subject to taxation on such built-in gain recognized for a period of ten years, in order to qualify as a RIC in a subsequent year.

***We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.***

For U.S. federal income tax purposes, we include in income certain amounts that we have not yet received in cash, such as original issue discount, which may arise if, for example, we receive warrants in connection with the making of a loan or payment-in-kind interest, which represents contractual interest added to the loan balance and typically due at the end of the loan term or possibly in other circumstances. Such original issue discount is included in income before we receive any corresponding cash payments and could be significant relative to our overall investment activities. Loans structured with these features may represent a higher level of credit risk than loans the interest on which must be paid in cash at regular intervals. We also may be required to include in income certain other amounts that we do not receive in cash.

The incentive fee payable by us that relates to our net investment income is computed and paid on income that may include some interest that has been accrued but not yet received in cash. If a portfolio company defaults on a loan, it is possible that accrued interest previously used in the calculation of the incentive fee will become uncollectible. Consequently, while we may make incentive fee payments on income accruals that we may not collect in the future and with respect to which we do not have a formal clawback right against our investment adviser per se, the amount of accrued income written off in any period will reduce the income in the period in which such write-off was taken and thereby reduce such period's incentive fee payment. For the period between April 1, 2012 and March 31, 2015, the portion of the incentive fee that is attributable to deferred interest, such as PIK income, will not be paid to AIM until the Company receives such deferred interest in cash. The accrual of incentive fees shall be reversed if such interest is reversed in connection with any write-off or similar treatment of the investment.

Since in certain cases we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the tax requirement to distribute at least 90% of our investment company taxable income to maintain our status as a RIC. Accordingly, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations in order to meet distribution and/or leverage requirements.

***Regulations governing our operation as a BDC affect our ability to, and the way in which we raise, additional capital.***

We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities, up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after each issuance of senior securities. If the value of our assets declines, we may be unable to maintain asset coverage above the 200% level. If that happens, the contractual arrangements governing these securities may require us to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous.

BDCs may issue and sell common stock at a price below net asset value per share only in limited circumstances, one of which is during the one-year period after stockholder approval. In the past, our stockholders have approved a plan so that during the subsequent 12 month period we could, in one or more public or private offerings of our common stock, sell or otherwise issue shares of our common stock at a price below the then current net asset value per share, subject to certain conditions including parameters on the level of

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permissible dilution, approval of the sale by a majority of our independent directors and a requirement that the sale price be not less than approximately the market price of the shares of our common stock at specified times, less the expenses of the sale. We may in the future seek to renew such authority on terms and conditions set forth in the corresponding proxy statement. There is no assurance such approvals will be obtained.

In the event we sell, or otherwise issue, shares of our common stock at a price below net asset value per share, existing stockholders will experience net asset value dilution and the investors who acquire shares in such offering may thereafter experience the same type of dilution from subsequent offerings at a discount. For example, if we sell an additional 10% of our common shares at a 5% discount from net asset value, a stockholder who does not participate in that offering for its proportionate interest will suffer net asset value dilution of up to 0.5% or \$5 per \$1000 of net asset value.

In addition to issuing securities to raise capital as described above, we may in the future securitize our loans to generate cash for funding new investments. To securitize loans, we may create a wholly-owned subsidiary, contribute a pool of loans to the subsidiary and have the subsidiary issue primarily investment grade debt securities to purchasers who we would expect would be willing to accept a substantially lower interest rate than the loans earn. We would retain all or a portion of the equity in the securitized pool of loans. Our retained equity would be exposed to any losses on the portfolio of loans before any of the debt securities would be exposed to such losses. An inability to successfully securitize our loan portfolio could limit our ability to grow our business and fully execute our business strategy and adversely affect our earnings, if any. Moreover, the successful securitization of our loan portfolio might expose us to losses as the residual loans in which we do not sell interests will tend to be those that are riskier and more apt to generate losses.

### ***We currently use borrowed funds to make investments and are exposed to the typical risks associated with leverage.***

We are exposed to increased risk of loss due to our use of debt to make investments. A decrease in the value of our investments will have a greater negative impact on the value of our common stock than if we did not use debt. Our ability to make distributions will be restricted if we fail to satisfy certain of our asset coverage ratios and other financial covenants and any amounts that we use to service our indebtedness are not available for distributions to our common stockholders.

The agreements governing certain of our debt instruments require us to comply with certain financial and operational covenants. These covenants require us to, among other things, maintain certain financial ratios, including asset coverage and minimum stockholders' equity. As of March 31, 2014, we were in compliance with these covenants. However, our continued compliance with these covenants depends on many factors, some of which are beyond our control. In the event of deterioration in the capital markets and pricing levels subsequent to this period, net unrealized loss in our portfolio may increase in the future. Absent an amendment to our revolving credit facility, continued unrealized loss in our investment portfolio could result in non-compliance with certain covenants.

Accordingly, there are no assurances that we will continue to comply with these covenants. Failure to comply with these covenants would result in a default which, if we were unable to obtain a waiver from the debt holders, could accelerate repayment under the instruments and thereby have a material adverse impact on our liquidity, financial condition, results of operations and ability to make distributions.

Our current and future debt securities are and may be governed by an indenture or other instrument containing covenants restricting our operating flexibility. We, and indirectly our stockholders, bear the cost of issuing and servicing such securities. Our currently outstanding convertible securities have, and any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock.

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*We fund a portion of our investments with borrowed money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us.*

Borrowings and other types of financing, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our securities. Our lenders and debt holders have fixed dollar claims on our assets that are superior to the claims of our common stockholders or any preferred stockholders. If the value of our assets increases, then leveraging would cause the net asset value to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged. Similarly, any increase in our income in excess of consolidated interest payable on the borrowed funds would cause our net income to increase more than it would without the leverage, while any decrease in our income would cause net income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to make distributions to our common stockholders. Leverage is generally considered a speculative investment technique.

*We may in the future determine to fund a portion of our investments with preferred stock, which would magnify the potential for gain or loss and the risks of investing in us in the same way as our borrowings.*

Preferred stock, which is another form of leverage, has the same risks to our common stockholders as borrowings because the dividends on any preferred stock we issue must be cumulative. Payment of such dividends and repayment of the liquidation preference of such preferred stock must take preference over any dividends or other payments to our common stockholders, and preferred stockholders are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference.

*Changes in interest rates may affect our cost of capital and net investment income.*

Because we borrow money, and may issue preferred stock to finance investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds or pay dividends on preferred stock and the rate at which we invest these funds. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase except to the extent we have issued fixed rate debt or preferred stock, which could reduce our net investment income. Our long-term fixed-rate investments are financed primarily with equity and long-term debt. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act and applicable commodities laws. Interest rate hedging activities do not protect against credit risk. We have analyzed the potential impact of changes in interest rates on interest income net of interest expense. Assuming no changes to our balance sheet as of March 31, 2014, a hypothetical one percent increase in London Interbank Offered Rate (LIBOR) on our floating rate assets and liabilities would decrease our earnings by approximately two cents per average share over the next twelve months. Assuming no changes to our balance sheet as of March 31, 2014, a hypothetical two percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by three cents per average share over the next twelve months. Assuming no changes to our balance sheet as of March 31, 2014, a hypothetical three percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by approximately five cents per average share over the next twelve months. In addition, we believe that our interest rate matching strategy and our ability to hedge mitigates the effects any changes in interest rates may have on our investment income. Although management believes that this is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in credit quality, size and composition of the assets on the balance sheet and other business developments that could affect net increase or decrease in net assets resulting from operations, or net income. Accordingly, no assurances can be given that actual results would not differ materially from the potential outcome simulated by this estimate. For more information, see Management's Discussion and Analysis of Financial Condition and Result of Operations Quantitative and Qualitative Disclosure about Market Risk.

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A portion of our floating rate investments may include features such as LIBOR floors. To the extent we invest in credit instruments with LIBOR floors, we may lose some of the benefits of incurring leverage. Specifically, if we issue preferred stock or debt (or otherwise borrow money), our costs of leverage will increase as rates increase. However, we may not benefit from the higher coupon payments resulting from increased interest rates if our investments in LIBOR floors and rates do not rise to levels above the LIBOR floors. In this situation, we will experience increased financing costs without the benefit of receiving higher income. This in turn may result in the potential for a decrease in the level of income available for dividends or distributions made by us.

You should also be aware that a change in the general level of interest rates can be expected to lead to a change in the interest rates we receive on many of our debt investments. Accordingly, a change in interest rates could make it easier for us to meet or exceed the performance threshold and may result in a substantial increase in the amount of incentive fees payable to our investment adviser with respect to pre-incentive fee net investment income.

***Our business requires a substantial amount of capital to grow because we must distribute most of our income.***

Our business requires a substantial amount of capital. We have issued equity securities and have borrowed from financial institutions. A reduction in the availability of new capital could limit our ability to grow. We must distribute at least 90% of our investment company taxable income to maintain our regulated investment company status. As a result, any such cash earnings may not be available to fund investment originations. We expect to continue to borrow from financial institutions and issue additional debt and equity securities. If we fail to obtain funds from such sources or from other sources to fund our investments, it could limit our ability to grow, which may have an adverse effect on the value of our securities. In addition, as a BDC, our ability to borrow or issue additional preferred stock may be restricted if our total assets are less than 200% of our total borrowings and preferred stock.

***Many of our portfolio investments are recorded at fair value as determined in good faith by or under the direction of our board of directors and, as a result, there is uncertainty as to the value of our portfolio investments.***

A large percentage of our portfolio investments are not publicly traded. The fair value of these investments may not be readily determinable. We value these investments quarterly at fair value (based on ASC 820, its corresponding guidance and the principal markets in which these investments trade) as determined in good faith by or under the direction of our board of directors pursuant to a written valuation policy and a consistently applied valuation process utilizing the input of our investment adviser, independent valuation firms, third party pricing services and the audit committee. Our board of directors utilizes the services of independent valuation firms to aid it in determining the fair value of these investments. The types of factors that may be considered in fair value pricing of these investments include the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings, the markets in which the portfolio company does business, comparison to more liquid securities, indices and other market-related inputs, discounted cash flow, our principal market and other relevant factors. For these securities for which a quote is either not readily available or deemed not to represent fair value, we utilize independent valuation firms to assist with valuation of such investments. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a readily available market for these investments existed and may differ materially from the amounts we realize on any disposition of such investments. Our net asset value could be adversely affected if our determinations regarding the fair value of these investments were materially higher than the values that we ultimately realize upon the disposal of such investments.

In addition, decreases in the market values or fair values of our investments are recorded as unrealized loss. Unprecedented declines in prices and liquidity in the corporate debt markets have resulted in significant net

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unrealized loss in our portfolio in the past. The effect of all of these factors on our portfolio has reduced our NAV by increasing net unrealized loss in our portfolio. Depending on market conditions, we could incur substantial realized losses and may continue to suffer additional unrealized losses in future periods, which could have a material adverse impact on our business, financial condition and results of operations.

### ***The lack of liquidity in our investments may adversely affect our business.***

We generally make investments in private companies. Substantially all of these securities are subject to legal and other restrictions on resale or are otherwise less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. In addition, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we or an affiliated manager of AGM has material non-public information regarding such portfolio company.

### ***We may experience fluctuations in our periodic results.***

We could experience fluctuations in our periodic operating results due to a number of factors, including the interest rates payable on the debt securities we acquire, the default rate on such securities, the level of our expenses (including the interest rates payable on our borrowings), the dividend rates on preferred stock we issue, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

### ***Our ability to enter into transactions with our affiliates is restricted.***

We are prohibited under the 1940 Act from knowingly participating in certain transactions with certain of our affiliates without the prior approval of our independent directors and, in some cases, of the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act and we are generally prohibited from buying or selling any security (other than our securities) from or to such affiliate, absent the prior approval of our independent directors. The 1940 Act also prohibits certain joint transactions with certain of our affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors and, in some cases, of the SEC. We are prohibited from buying or selling any security from or to any person who owns more than 25% of our voting securities or certain of that person's affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC through an exemptive order (other than in certain limited situations pursuant to current regulatory guidance). The analysis of whether a particular transaction constitutes a joint transaction requires a review of the relevant facts and circumstances then existing. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates.

We have applied for an exemptive order from the SEC that would permit us and certain of our affiliates, including investment funds managed by our affiliates, to co-invest. Any such order will be subject to certain terms and conditions and there can be no assurance that such order will be granted by the SEC. Accordingly, we cannot assure you that we or our affiliates, including investment funds managed by our affiliates, will be permitted to co-invest, other than in the limited circumstances currently permitted by regulatory guidance or in the absence of a joint transaction.

### ***There are significant potential conflicts of interest which could adversely affect our investment returns.***

#### *Allocation of Personnel*

Potential investment opportunities are generally approved by an investment committee composed of senior personnel across AGM including Mr. Zelter and Mr. Goldthorpe. Our executive officers and directors, and



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the partners of our investment adviser, AIM, serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do or of investment funds managed by our affiliates. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of us or our stockholders. Moreover, we note that, notwithstanding the difference in principal investment objectives between us and other AGM funds, such other AGM sponsored funds, including new affiliated potential pooled investment vehicles or managed accounts not yet established (whether managed or sponsored by AGM or AIM itself), have and may from time to time have overlapping investment objectives with us and, accordingly, invest in, whether principally or secondarily, asset classes similar to those targeted by us. To the extent such other investment vehicles have overlapping investment objectives, the scope of opportunities otherwise available to us may be adversely affected and/or reduced. As a result, certain partners of AIM may face conflicts in their time management and commitments as well as in the allocation of investment opportunities to other AGM funds. In addition, in the event such investment opportunities are allocated among us and other investment vehicles managed or sponsored by, or affiliated with, AIM our desired investment portfolio may be adversely affected. Although AIM endeavors to allocate investment opportunities in a fair and equitable manner, it is possible that we may not be given the opportunity to participate in certain investments made by investment funds managed by AIM or investment managers affiliated with AIM.

*No Information Barriers*

There are no information barriers amongst AGM and certain of its affiliates. If AIM were to receive material non-public information about a particular company, or have an interest in investing in a particular company, AGM or certain of its affiliates may be prevented from investing in such company. Conversely, if AGM or certain of its affiliates were to receive material non-public information about a particular company, or have an interest in investing in a particular company, we may be prevented from investing in such company.

This risk may affect us more than it does other investment vehicles, as AIM generally does not use information barriers that many firms implement to separate persons who make investment decisions from others who might possess material, non-public information that could influence such decisions. AIM's decision not to implement these barriers could prevent its investment professionals from undertaking certain transactions such as advantageous investments or dispositions that would be permissible for them otherwise. In addition, AIM could in the future decide to establish information barriers, particularly as its business expands and diversifies.

*Co-Investment Activity and Allocation of Investment Opportunities*

AGM and its affiliated investment managers, including AIM, may determine that an investment is appropriate both for us and for one or more other funds. In such event, depending on the availability of such investment and other appropriate factors, AIM may determine that we should invest on a side-by-side basis with one or more other funds. We may make all such investments subject to compliance with applicable regulations and interpretations, and our allocation procedures. In certain circumstances negotiated co-investments may be made only if we receive an order from the SEC permitting us to do so. There can be no assurance that any such order will be obtained.

AGM has adopted allocation procedures that are intended to ensure that each fund or account managed by AGM or certain of its affiliates ( Apollo-advised funds ) is treated in a manner that, over time, is fair and equitable. Allocations generally are made pro rata based on order size. In certain circumstances, the allocation policy provides for the allocation of investments pursuant to a predefined arrangement that is other than pro rata. As a result, in situations where a security is appropriate for us but is limited in availability, we may receive a lower allocation than may be desired by our portfolio managers or no allocation if it is determined that the investment is more appropriate for a different Apollo-advised fund because of its investment mandate. Investment opportunities may be allocated on a basis other than pro rata to the extent it is done in good faith and does not, or is not reasonably expected to, result in an improper disadvantage or advantage to one participating Apollo-advised fund as compared to another participating Apollo-advised fund.

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In the event investment opportunities are allocated among us and other Apollo-advised funds, we may not be able to structure our investment portfolio in the manner desired. Although AGM endeavors to allocate investment opportunities in a fair and equitable manner, it is possible that we may not be given the opportunity to participate in certain investments made by other Apollo-advised funds or portfolio managers affiliated with AIM. Furthermore, we and the other Apollo-advised funds may make investments in securities where the prevailing trading activity may make impossible the receipt of the same price or execution on the entire volume of securities purchased or sold by us and such other Apollo-advised funds. When this occurs, the various prices may be averaged, and we will be charged or credited with the average price. Thus, the effect of the aggregation may operate on some occasions to our disadvantage. In addition, under certain circumstances, we may not be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order.

It is possible that other Apollo-advised funds may make investments in the same or similar securities at different times and on different terms than we do. From time to time, we and the other Apollo-advised funds may make investments at different levels of an issuer's capital structure or otherwise in different classes of an issuer's securities. Such investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities that may be held by such entities. Conflicts may also arise because portfolio decisions regarding us may benefit such other Apollo-advised funds. For example, the sale of a long position or establishment of a short position by us may impair the price of the same security sold short by (and therefore benefit) one or more Apollo-advised funds, and the purchase of a security or covering of a short position in a security by us may increase the price of the same security held by (and therefore benefit) one or more Apollo-advised funds. In these circumstances AIM and its affiliates will seek to resolve each conflict in a manner that is fair to the various clients involved in light of the totality of the circumstances. In some cases the resolution may not be in our best interests.

AGM and its clients may pursue or enforce rights with respect to an issuer in which we have invested, and those activities may have an adverse effect on us. As a result, prices, availability, liquidity and terms of our investments may be negatively impacted by the activities of AGM or its clients, and transactions for us may be impaired or effected at prices or terms that may be less favorable than would otherwise have been the case.

*Fees and Expenses*

In the course of our investing activities, we pay management and incentive fees to AIM, and reimburse AIM for certain expenses it incurs. As a result, investors in our common stock invest on a gross basis and receive distributions on a net basis after expenses, resulting in, among other things, a lower rate of return than one might achieve through direct investments. As a result of this arrangement, there may be times when the management team of AIM has interests that differ from those of our common stockholders, giving rise to a conflict.

AIM receives a quarterly incentive fee based, in part, on our pre-incentive fee income, if any, for the immediately preceding calendar quarter. This incentive fee will not be payable to AIM unless the pre-incentive net investment income exceeds the performance threshold. To the extent we or AIM are able to exert influence over our portfolio companies, the quarterly pre-incentive fee may provide AIM with an incentive to induce our portfolio companies to prepay interest or other obligations in certain circumstances.

*Allocation of Expenses*

We have entered into a royalty-free license agreement with AGM, pursuant to which AGM has agreed to grant us a non-exclusive license to use the name Apollo. Under the license agreement, we have the right to use the Apollo name for so long as AIM or one of its affiliates remains our investment adviser. In addition, we rent office space from AIA, an affiliate of AIM, and pay AIA our allocable portion of overhead and other expenses incurred by AIA in performing its obligations under the administration agreement, including our allocable portion of the cost of our Chief Financial Officer and Chief Compliance Officer and their respective staffs, which can create conflicts of interest that our board of directors must monitor.

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***In the past following periods of volatility in the market price of a company's securities, securities class action litigation has, from time to time, been brought against that company.***

If our stock price fluctuates significantly, we may be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

***Changes in the laws or regulations governing our business or the businesses of our portfolio companies and any failure by us or our portfolio companies to comply with these laws or regulations, could negatively affect the profitability of our operations or of our portfolio companies.***

We are subject to changing rules and regulations of federal and state governments, as well as the stock exchange on which our common stock is listed. These entities, including the Public Company Accounting Oversight Board, the SEC and The NASDAQ Global Select Market, have issued a significant number of new and increasingly complex requirements and regulations over the course of the last several years and continue to develop additional regulations. In particular, changes in the laws or regulations or the interpretations of the laws and regulations that govern BDCs, RICs or non-depository commercial lenders could significantly affect our operations and our cost of doing business. We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures and other trade practices. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, we may have to incur significant expenses in order to comply, or we might have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, we may lose licenses needed for the conduct of our business and be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, financial condition and results of operations.

***Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.***

The Maryland General Corporation Law, our charter and our bylaws contain provisions that may discourage, delay or make more difficult a change in control of us or the removal of our directors. We are subject to the Maryland Business Combination Act, subject to any applicable requirements of the 1940 Act. Our board of directors has adopted a resolution exempting from the Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our board of directors, including approval by a majority of our disinterested directors. If the resolution exempting business combinations is repealed or our board of directors does not approve a business combination, the Business Combination Act may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer. Our bylaws exempt from the Maryland Control Share Acquisition Act acquisitions of our common stock by any person. If we amend our bylaws to repeal the exemption from the Control Share Acquisition Act, the Control Share Acquisition Act also may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such an offer. We intend to give the SEC prior notice should our board of directors elect to amend our bylaws to repeal the exemption from the Control Share Acquisition Act.

We have also adopted other measures that may make it difficult for a third party to obtain control of us, including provisions of our charter classifying our board of directors in three classes serving staggered three-year terms, and provisions of our charter authorizing our board of directors to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock, and to amend our charter, without stockholder approval, to increase or decrease the number of shares of stock that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

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*We may choose to pay dividends in our own common stock, in which case you may be required to pay federal income taxes in excess of the cash dividends you receive.*

We may distribute taxable dividends that are payable in cash and shares of our common stock at the election of each stockholder. The Internal Revenue Service has issued private letter rulings on cash/stock dividends paid by RICs and real estate investment trusts where the cash component is limited to 20% of the total distribution if certain requirements are satisfied. Stockholders receiving such dividends will be required to include the full amount of the dividend (including the portion payable in stock) as ordinary income (or, in certain circumstances, long-term capital gain) to the extent of our current and accumulated earnings and profits for federal income tax purposes. As a result, stockholders may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the common stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock. It is unclear whether and to what extent we will be able to pay taxable dividends in cash and common stock (whether pursuant to a private letter ruling or otherwise).

***Climate Change.***

There is evidence of global climate change. Climate change creates physical and financial risk and some of our portfolio companies may be adversely affected by climate change. For example, the needs of customers of energy companies vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, energy use could increase or decrease depending on the duration and magnitude of any changes. Increased energy use due to weather changes may require additional investments by our portfolio companies engaged in the energy business in more pipelines and other infrastructure to serve increased demand. Increases in the cost of energy also could adversely affect the cost of operations of our portfolio companies if the use of energy products or services is material to their business. A decrease in energy use due to weather changes may affect some of our portfolio companies' financial condition, through decreased revenues. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions. Energy companies could also be affected by the potential for lawsuits against or taxes or other regulatory costs imposed on greenhouse gas emitters, based on links drawn between greenhouse gas emissions and climate change.

***Our investment adviser and administrator have the right to resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our business, financial condition and results of operations.***

Our investment adviser and administrator have the right, under our investment management agreement and administration agreement, respectively, to resign at any time upon not less than 60 days' written notice, whether we have found a replacement or not. If our investment adviser or our administrator resigns, we may not be able to find a replacement or hire internal management or administration with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our business, financial condition and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment activities or our internal administration activities, as applicable, is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our investment adviser and its affiliates or our administrator and its affiliates. Even if we are able to retain comparable management or administration, whether internal or external, the integration of such management or administration and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our business, financial condition and results of operations.

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**RISKS RELATED TO OUR INVESTMENTS**

*Our investments in prospective portfolio companies are risky, and you could lose all or part of your investment.*

Investment in middle-market companies is speculative and involves a number of significant risks including a high degree of risk of credit loss. Middle-market companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment. In addition, they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Middle-market companies are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us.