

# A P O L L O

*AP Alternative Assets, L.P. Q4 & Year-End 2010 Results Presentation – February 16, 2010*

*It should not be assumed that investments made in the future will be profitable or will equal the performance of investments in this document.*

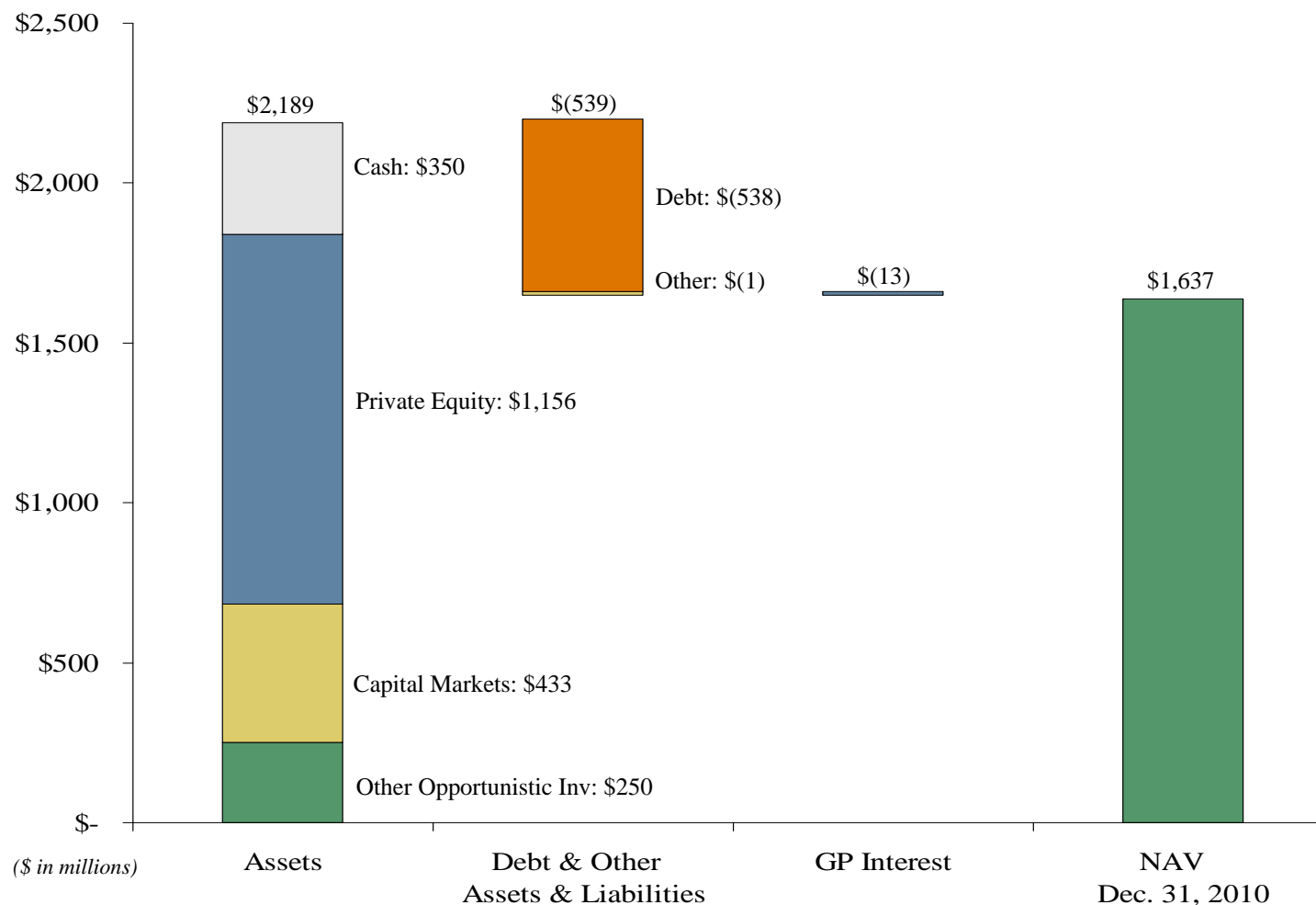
# Agenda

- 1. Net Asset Value as of December 31, 2010**
2. Private Equity Portfolio Update
3. Capital Markets Portfolio Update
4. Other Opportunistic Investment Update
5. Summary of Q4 & Year-End 2010 Financial Results

# Net Asset Value as of December 31, 2010

NAV per unit at December 31, 2010 was \$18.16, up 33% from December 31, 2009

*Includes year-to-date accretion, net of unit purchases, of \$0.68 per unit from AAA's tender offer and on-market buyback program*



Note: Past performance is not indicative of future results.

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## Recent AAA Portfolio Company Updates



- **Completed combination of Momentive and Hexion (October 2010)**
  - Significant synergy value
  - Overall value accretion to both shareholders
- **\$1.8 billion opportunistic refinancing** to extend debt maturities from 2014 to 2020 and 2021 (October 2010)
  - Created common covenant package which increases financial flexibility



- Filed an **S-1** with the SEC (October 2010)
- Issued **\$250 million** of senior unsecured notes (November 2010)



- **\$131 million follow-on equity offering** (December 2010)

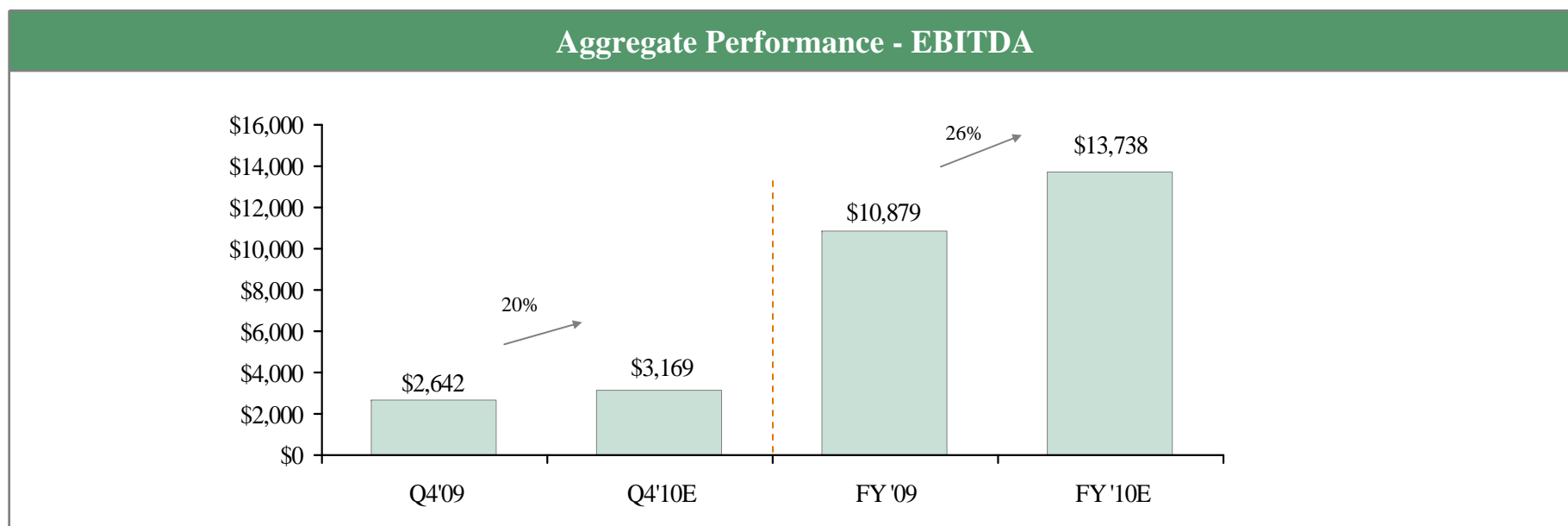
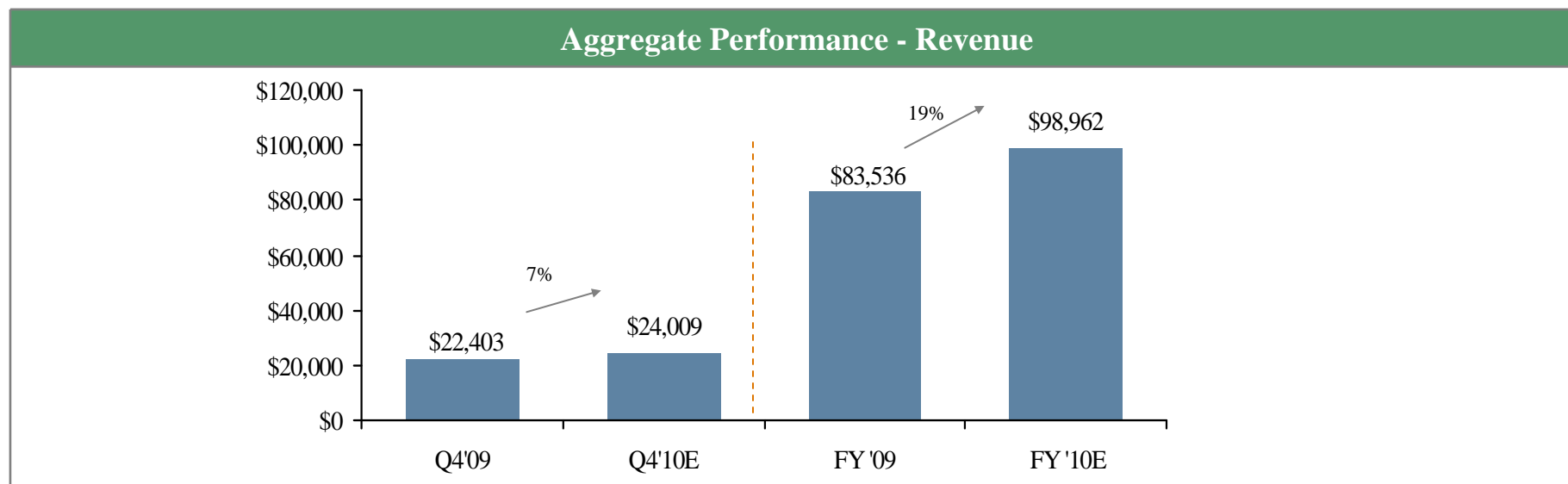


- **\$800 million second-lien bond offering** to refinance existing second-lien notes due in 2014 (November 2010)



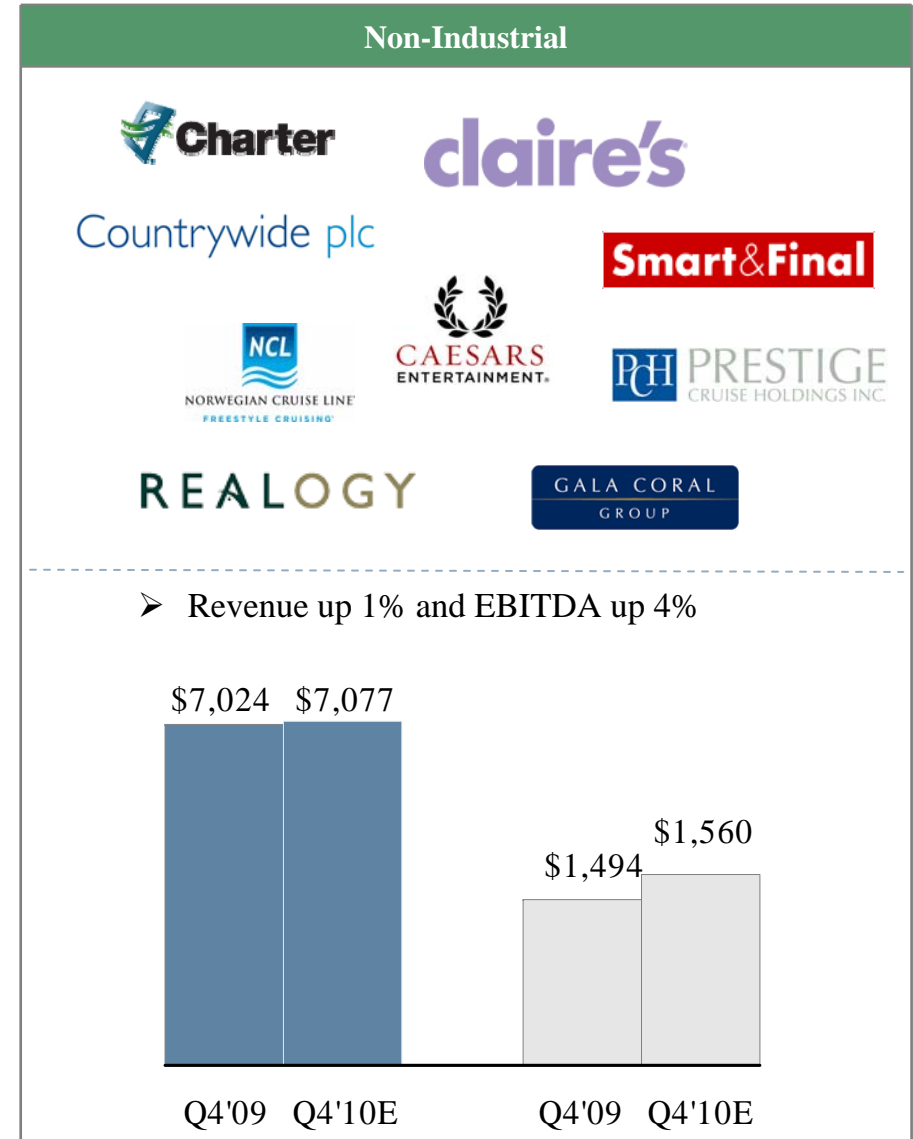
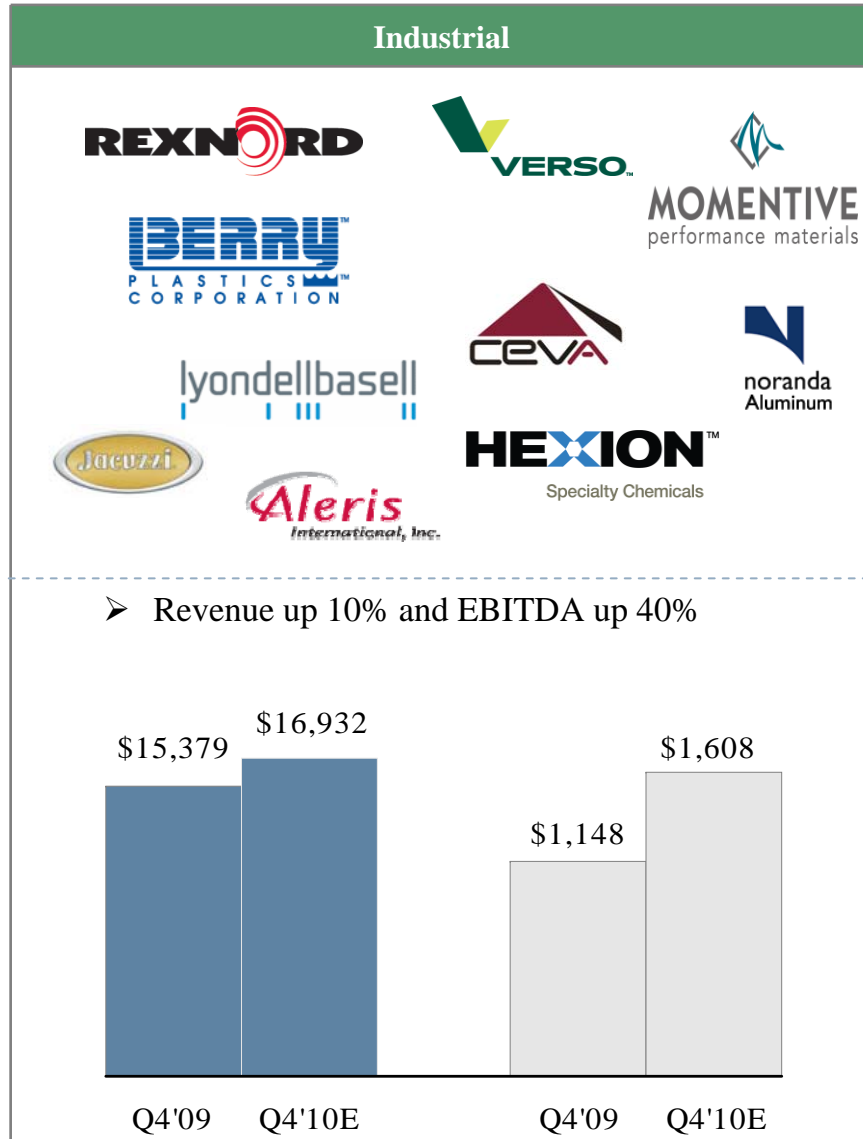
- Raised **\$250 million asset backed revolving credit facility** (November 2010)
- Refinanced first lien debt with **\$450 million first lien bond due 2017** (December 2010)

# AAA Portfolio Company Performance



Note: Fourth quarter 2010 and fiscal year 2010 figures are estimates based on various assumptions. There can be no assurance that these amounts will be achieved. Additionally, the above represents aggregate performance for AAA private equity portfolio companies. Past performance is not indicative of future results.

# Portfolio Performance: Industrial vs. Non-Industrial

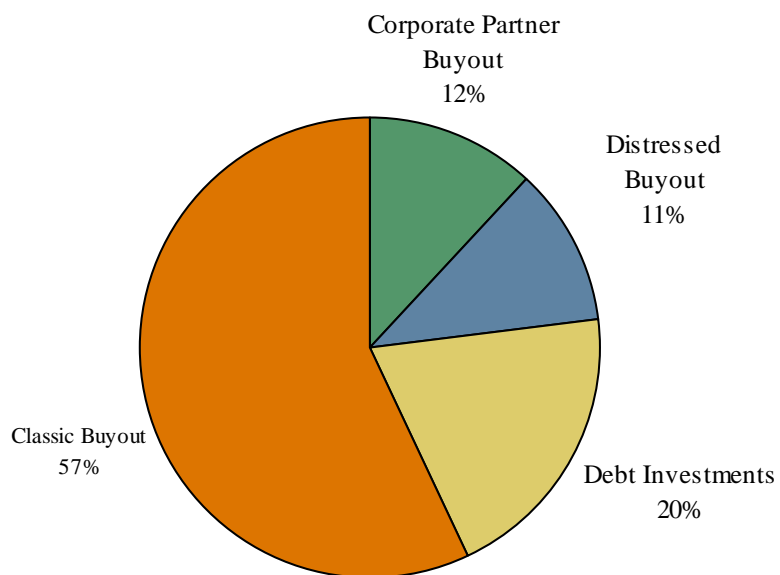


■ Revenue    ■ EBITDA

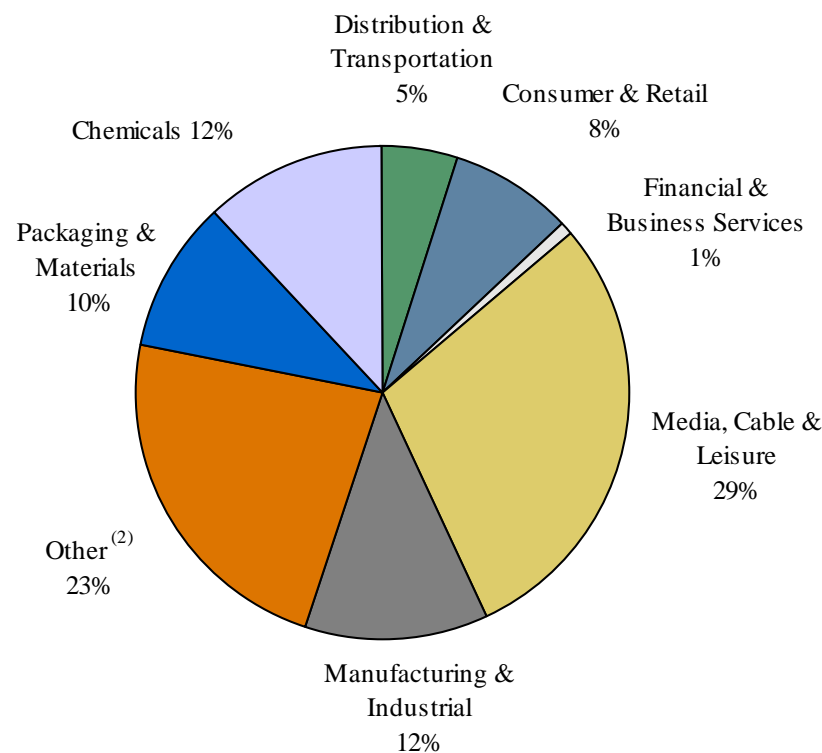
Note: Fourth quarter 2010 and fiscal year 2010 figures are estimates based on various assumptions. There can be no assurance that these amounts will be achieved. The above Investments were selected on non-performance criteria. Past performance is not indicative of future results.

# Overview of AAA's Private Equity Portfolio

AAA Private Equity Portfolio by Strategy Type <sup>(1)</sup>



AAA Private Equity Portfolio by Industry Sector <sup>(1)</sup>



(1) Based on fair value as of December 31, 2010.

(2) Primarily represents Debt Investment Vehicles, which includes investments in Apollo Fund VI BC, L.P., Apollo ALS Holdings, L.P., Autumnleaf, L.P., Leverage Source, L.P., Lily, L.P., and RCIV Holdings, L.P.



# AAA's Largest Private Equity Investments

Co-investments alongside Apollo Investment Funds VI & VII <sup>(1)</sup>					
(\$ in millions)	As of 12/31/10			As of 9/30/10	
	Original Cost <sup>(2)</sup>	Net Invested Capital <sup>(3)</sup>	GAAP Cost <sup>(4)</sup>	Fair Value	Adjusted Fair Value <sup>(5)</sup>
Debt Investment Vehicles	\$469.3	\$238.4	\$295.9	<b>\$269.9</b>	\$244.4
Caesars Entertainment	177.8	176.6	176.7	<b>99.0</b>	98.9
AP Charter Holdings L.P.	45.1	43.6	44.5	<b>89.5</b>	75.8
Rexnord Corporation	89.2	37.5	37.5	<b>133.7</b>	89.8
Momentive Performance Materials Holdings Inc.	76.0	76.0	76.0	<b>138.0</b>	122.0
All Others	<u>631.7</u>	<u>511.6</u>	<u>468.5</u>	<u><b>426.0</b></u>	<u>360.9</u>
<b>Total</b>	<b>\$1,489.1</b>	<b>\$1,083.7</b>	<b>\$1,099.1</b>	<b>\$1,156.1</b>	<b>\$991.8</b>

(1) AAA invests its capital through, and is the sole limited partner of, AAA Investments, L.P. (the "Investment Partnership"), which has made co-investments alongside Apollo Investment Fund VI, L.P. and its parallel investment vehicles (collectively, "Apollo Investment Fund VI") and Apollo Investment Fund VII, L.P. and its parallel investment vehicles (collectively, "Apollo Investment Fund VII"). The table above includes details on each of the Investment Partnership's investments that represent more than 5% of the Investment Partnership's net asset value as of December 31, 2010. "All Others" represents the combined cost and fair value of all other private equity co-investments made by the Investment Partnership alongside Apollo Investment Funds VI and VII.

(2) Represents original cost paid for the investment.

(3) Represents original cost of the investment less all cash payments received from the investment including returns of capital, realized gains/losses, dividend income, interest income, and capitalized interest.

(4) Represents original cost of the investment less returns of capital, sales of holdings, permanent impairments, and capitalized interest.

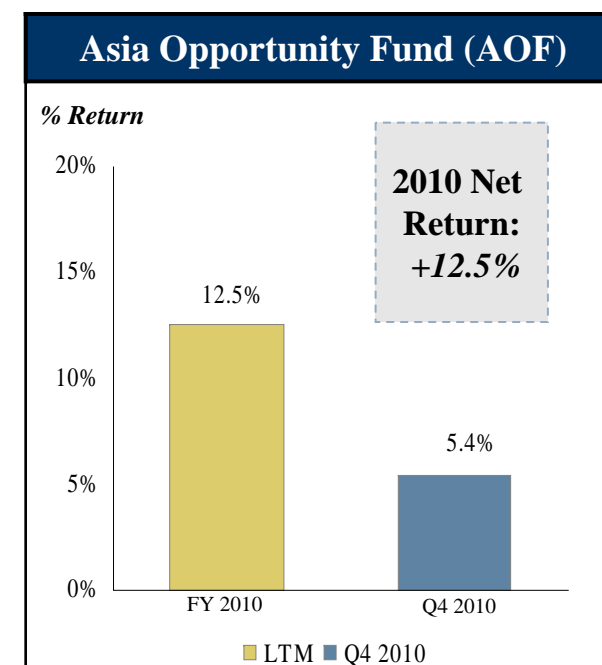
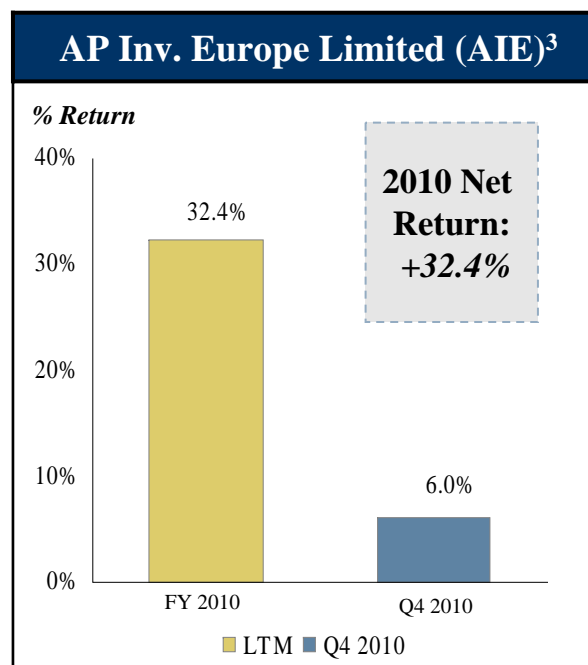
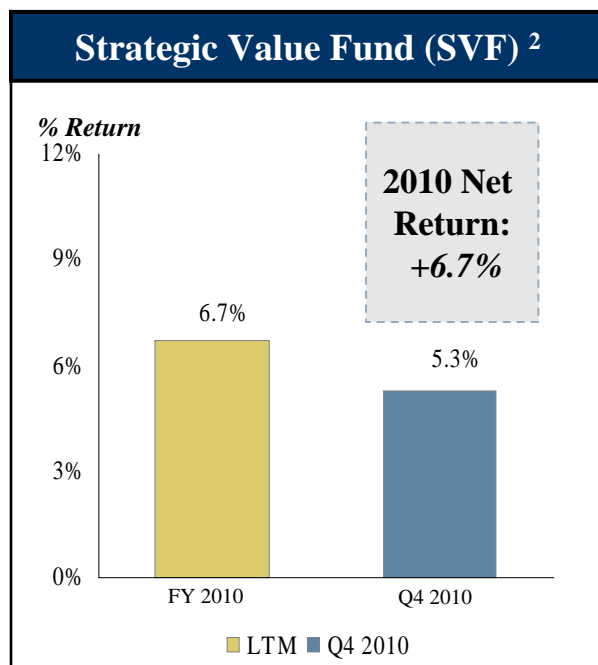
(5) Adjusted to facilitate comparability for purchases, realized losses and returns of capital during the quarter ended December 31, 2010. The adjustments were \$(0.5)mm for the debt investment vehicles, \$(0.1)mm for all other investments, and \$122.0mm to reflect the merger of Momentive Performance Materials Holdings and Hexion Specialty Chemicals in October 2010, which now exceeds 5% of the Investment Partnership's net asset value.

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# Returns for AAA's Capital Markets Portfolio <sup>(1)</sup>

➤ Positive performance for SVF, AIE and AOF during 2010



(1) Returns for the three and twelve months ended December 31, 2010. Does not include AAA's investment in Apollo European Principal Finance Fund, L.P. (EPF) due to private equity type structure of the fund.

(2) Returns for liquidating shares of SVF.

(3) Reflects the return of AP Investment Europe Limited as a whole; does not include impact of AAA Investments' foreign exchange exposure.

Note: Past performance is not indicative of future results.

# Overview of AAA's Capital Markets Portfolio

Capital Markets Investments					
(\$ in millions)	As of 12/31/10			As of 9/30/10	
	Original Cost <sup>(1)</sup>	Net Invested Capital <sup>(2)</sup>	GAAP Cost <sup>(3)</sup>	Fair Value	Adjusted Fair Value <sup>(4)</sup>
Apollo Strategic Value Fund	\$550.0	\$151.4	\$113.8	<b>\$160.3</b>	\$155.4
Apollo Asia Opportunity Fund	218.0	106.9	102.5	<b>110.0</b>	104.7
Other Apollo Capital Markets Funds:					
Apollo Investment Europe	339.5	254.2	261.4	<b>79.3</b>	76.3
European Principal Finance Fund	159.9	61.1	61.1	<b>66.6</b>	79.3
Apollo Credit Senior Loan Fund	<u>16.7</u>	<u>16.7</u>	<u>16.7</u>	<u><b>17.1</b></u>	<u>16.7</u>
Total	\$1,284.1	\$590.3	\$555.5	<b>\$433.3</b>	\$432.4

(1) Represents original cost paid for the investment.

(2) Represents original cost paid for the investment, less all cash payments received from the investment including returns of capital, dividend income, interest income, foreign currency gains/losses, and capitalized interest.

(3) Represents original cost of the investment less returns of capital, realized losses on redemptions, and capitalized interest.

(4) Adjusted to facilitate comparability for returns of capital, realized losses and purchases during the quarter ended December 31, 2010. The adjustments were \$(2.5)mm for Apollo Asia Opportunity Fund, \$(11.0)mm for Apollo Strategic Value Fund, \$(15.1)mm for Apollo Investment Europe, \$(81.5)mm for European Principal Finance Fund, and \$16.7mm for Apollo Credit Senior Loan Fund.

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## Update on Athene Life Re Ltd.

- Positive results for Athene in Q4 & Year-End 2010 driven by:
  - Continued growth in Athene's annuity policies
  - Continued outperformance on investment yield in Athene's asset portfolio
- Valuation at December 31, 2010 is based on a discounted cash flow analysis which represents the embedded value of existing business

<i>(\$ in millions)</i>	Other Opportunistic Investment				
	As of 12/31/10				As of 9/30/10
	Original Cost <sup>(1)</sup>	Net Invested Capital <sup>(2)</sup>	GAAP Cost <sup>(3)</sup>	Fair Value	Adjusted Fair Value <sup>(4)</sup>
Other Opportunistic Investments – Apollo Life Re Ltd.	\$201.1	\$201.1	\$201.1	<b>\$249.9</b>	\$254.3

(1) Represents original cost paid for the investment.

(2) Represents original cost paid for the investment, less all cash payments received from the investment including returns of capital, dividend income, interest income, foreign currency gains/losses, and capitalized interest.

(3) Represents original cost of the investment less returns of capital, realized losses on redemptions, and capitalized interest.

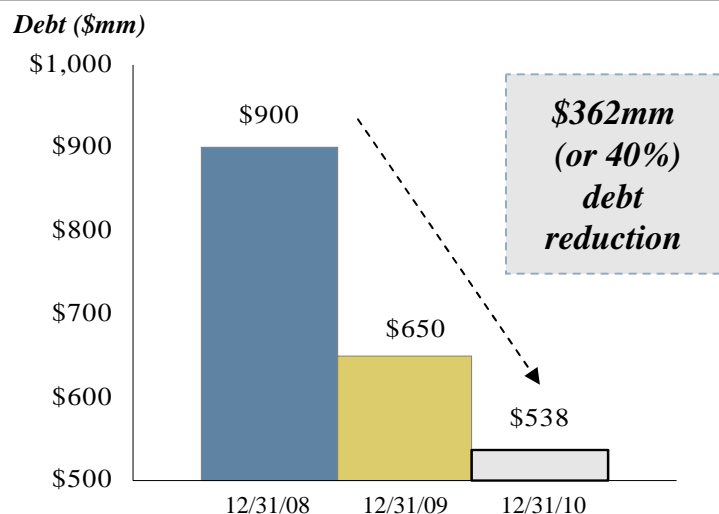
(4) Adjusted to facilitate comparability for returns of capital, realized losses and purchases during the quarter ended December 31, 2010. The adjustment was \$103.1mm

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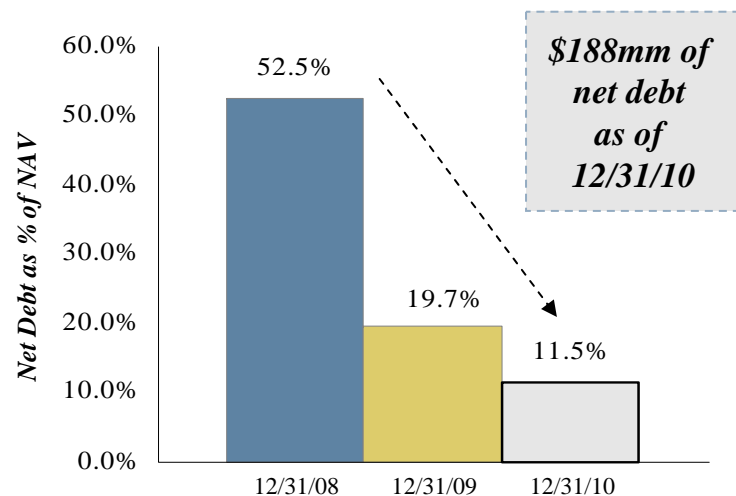
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# Ongoing Management of AAA's Capital Structure & Liquidity

## \$362mm Permanent Reduction in Debt Outstanding



## Significant Improvement in Net Debt as % of NAV<sup>1</sup>



## Unit Buybacks

- AAA commenced \$25mm cash tender offer for up to 4.5mm AAA units in July 2010, and Board approved an increase in maximum amount of tender to accept all units tendered
- Closed tender offer on August 16, 2010 to purchase 6.8 million units at \$7.00 per unit
- Through December 31, 2010, AAA purchased 135,167 units at an average price of \$6.25 through its on-market unit buyback program
- Tender offer and on-market buyback program resulted in year-to-date accretion of \$0.68 per unit

## EPF

- In connection with ongoing liquidity management initiatives, AAA opportunistically reduced its long-term investment in EPF
- AAA sold 65.8% of its interest in EPF to parties not affiliated with Apollo for €75.4mm
- As a result, AAA's total EPF commitment was reduced to €77.0mm, of which €30.8mm was unfunded as of December 31, 2010

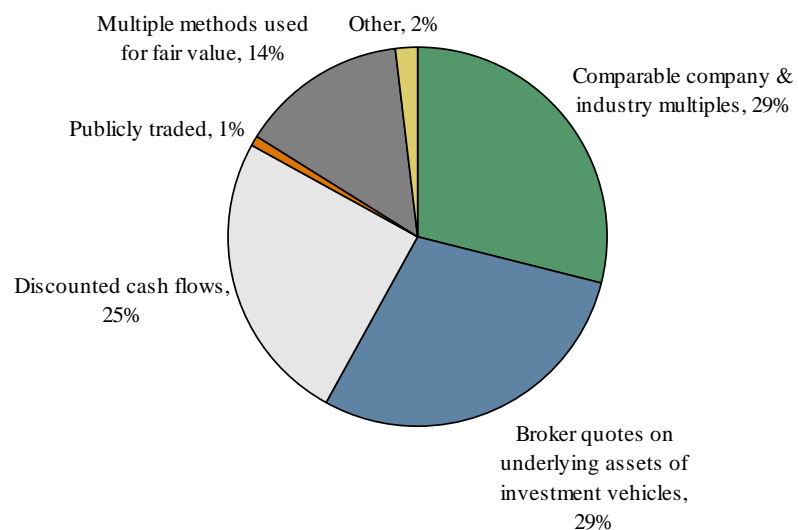
(1) Net debt defined as AAA Investments, L.P.'s total debt outstanding less cash; net asset value of AP Alternative Assets, L.P.



# Private Equity Valuation Methodology

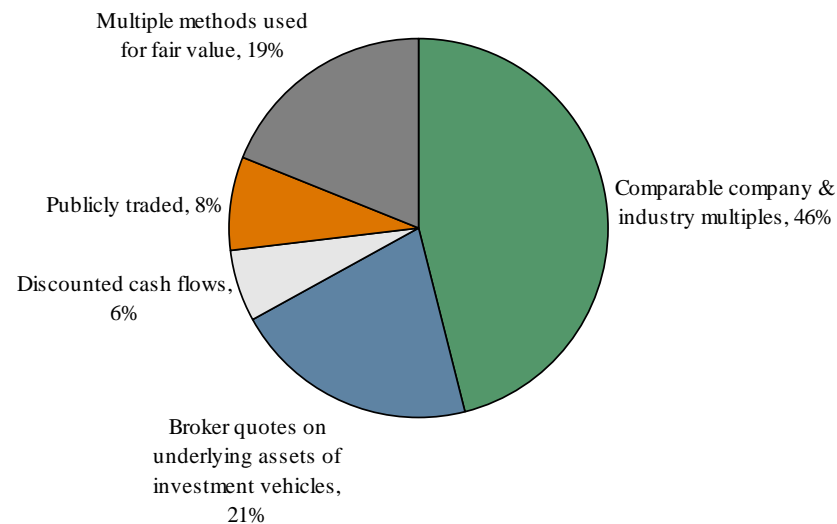
- At December 31, 2009 and 2010 AAA's portfolio of private equity co-investments was valued based on the methodologies below

## Valuation Methodology at 12/31/2009 <sup>(1)</sup>



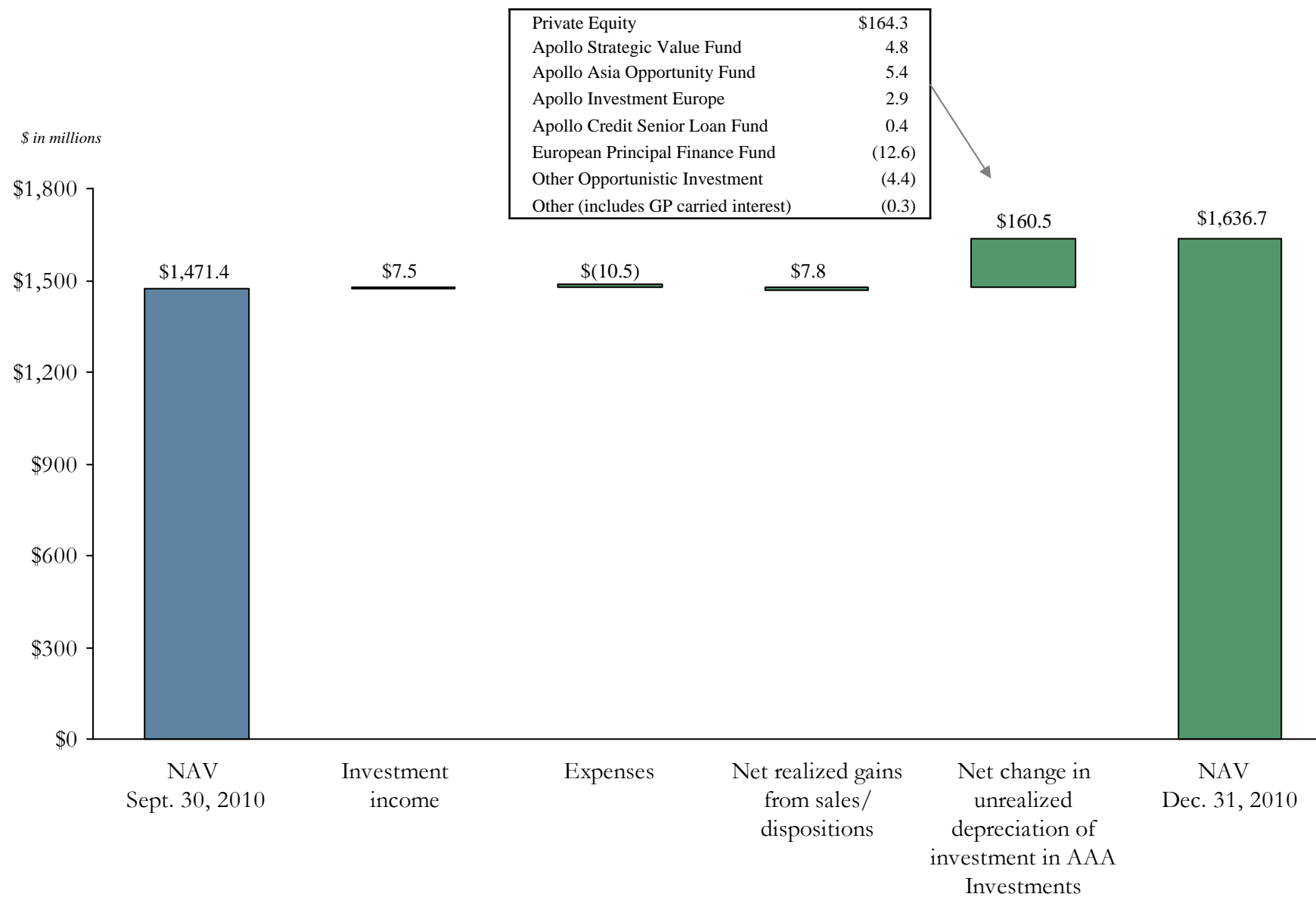
(1) Based on fair value as of December 31, 2009.

## Valuation Methodology at 12/31/2010 <sup>(2)</sup>



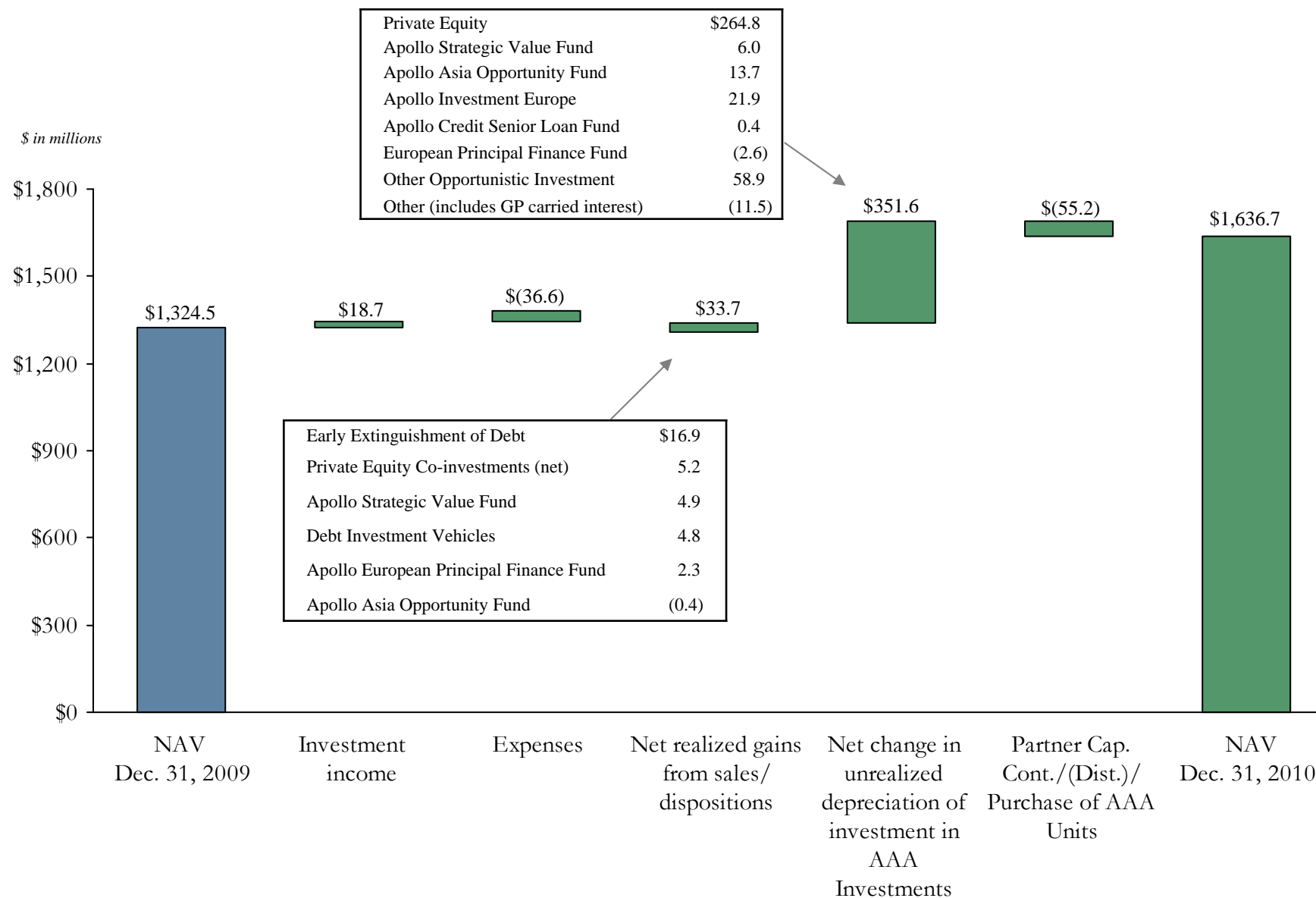
(2) Based on fair value as of December 31, 2010.

# Q4 2010 NAV Performance



Note: The past performance of Apollo's funds is intended to be illustrative of Apollo's investing experience and not indicative of future results.

# FY 2010 NAV Performance



Note: The past performance of Apollo's funds is intended to be illustrative of Apollo's investing experience and not indicative of future results.

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