

# A P O L L O

*AP Alternative Assets, L.P. Q3 2011 Results Presentation – November 3, 2011*

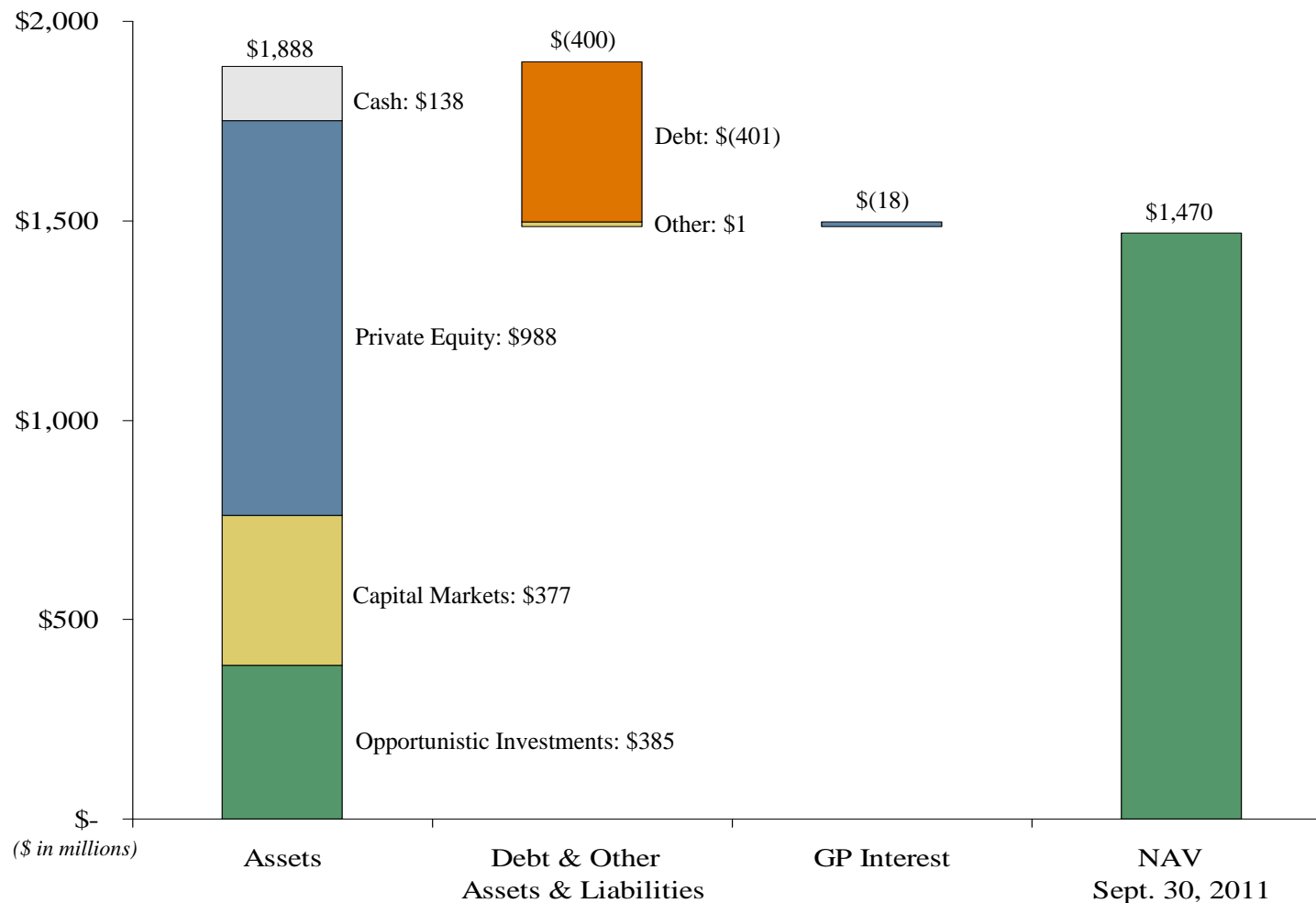
*It should not be assumed that investments made in the future will be profitable or will equal the performance of investments in this document.*

# Agenda

- 1. Net Asset Value and Market Performance**
2. Private Equity Portfolio Update
3. Capital Markets Portfolio Update
4. Opportunistic Investment Update
5. Summary of Q3 2011 Financial Results

# Net Asset Value as of September 30, 2011

NAV per unit at September 30, 2011 was \$16.30, down from \$20.06 at June 30, 2011

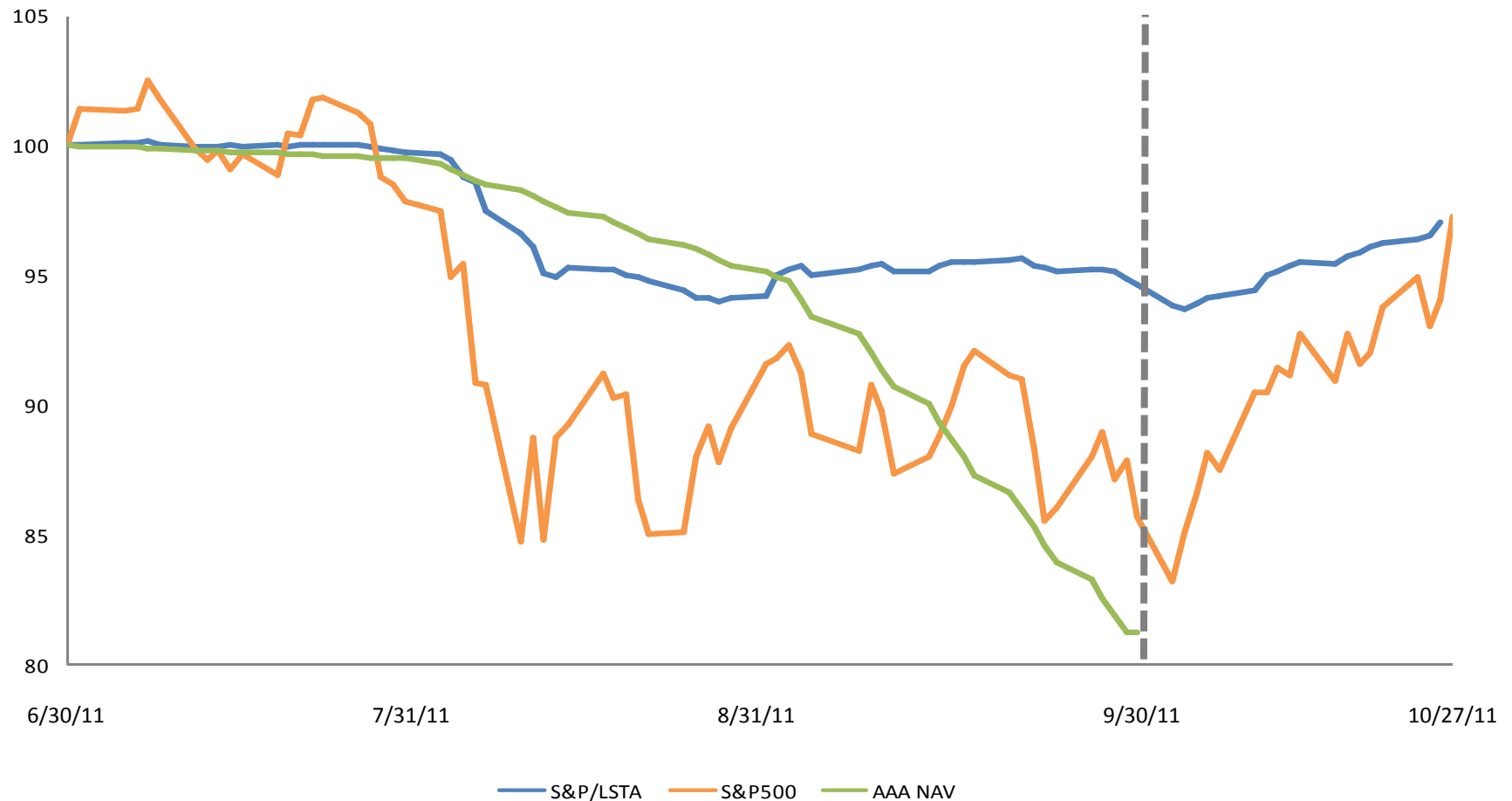


Note: Past performance is not indicative of future results.

# Significant Equity and Credit Market Volatility

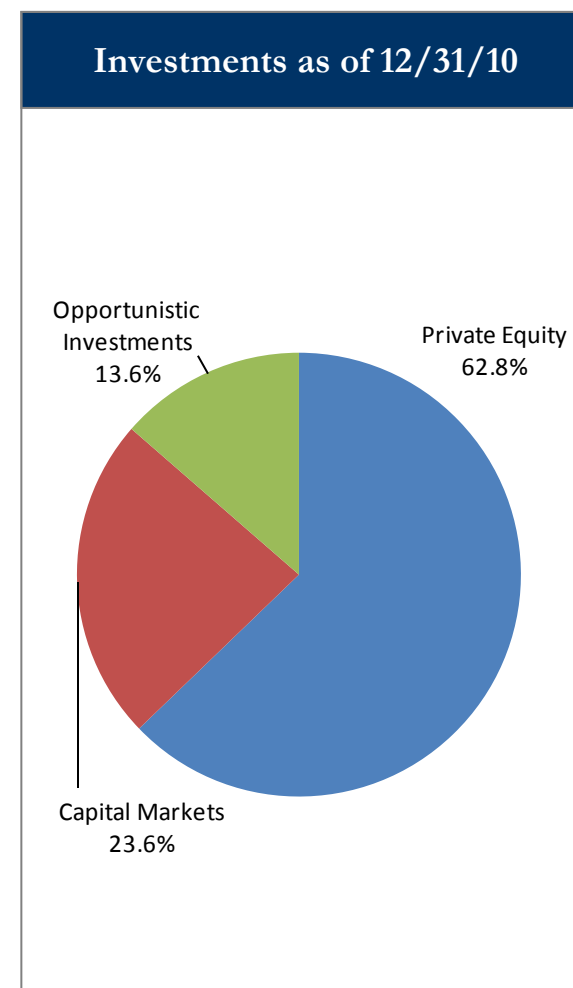
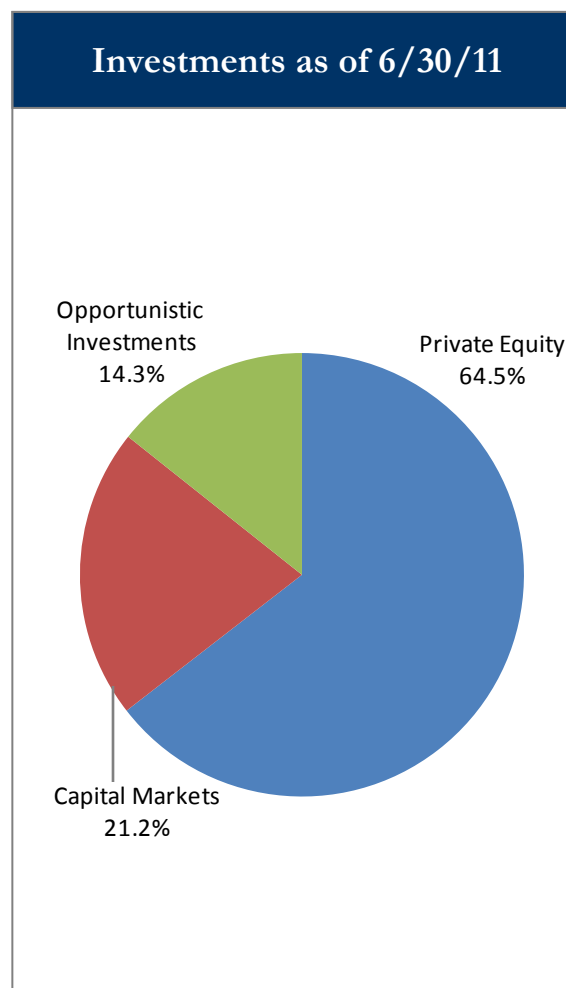
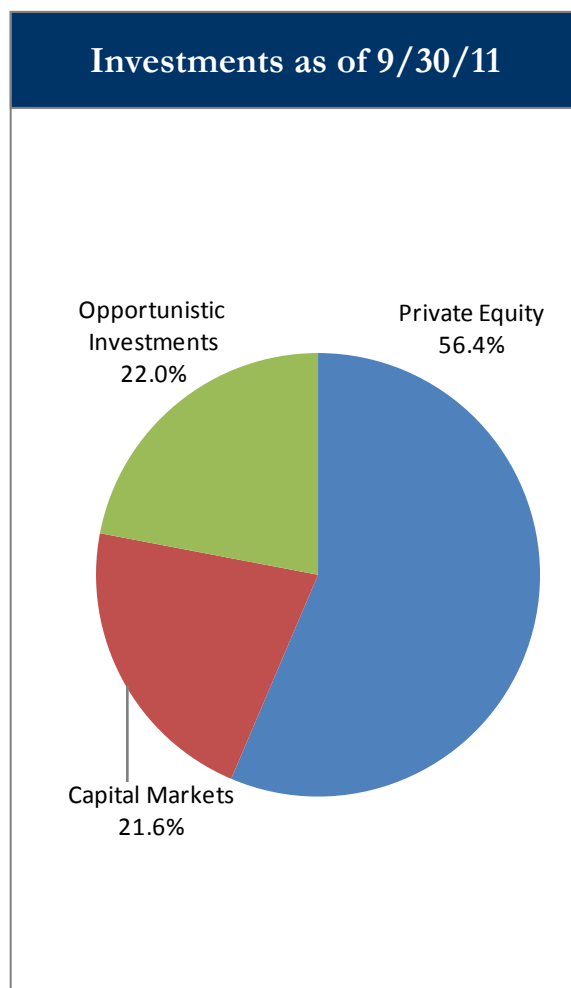
- During Q3 2011, AAA NAV was closely correlated to the broader decline in the equity and credit markets

Recent Market and AAA NAV Performance<sup>(1)</sup>



(1) Source: AAA and Bloomberg. All values indexed to June 30, 2011. S&P/LSTA represents S&P/LSTA leveraged loan index.

# Overview of AAA's Investment Portfolio<sup>(1)</sup>



(1) Based on fair value at reporting date.

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## Selected Recent AAA Portfolio Company Highlights



- Announced exchange offer for up to \$500 million of its 7 5/8% Senior Notes due 2018 (**September 2011**)



- Announced authorization of \$200 million share repurchase plan (**August 2011**)



- Completed offer to exchange all of its outstanding \$450 million 8.875% Senior Secured Second Lien Notes (**August 2011**)



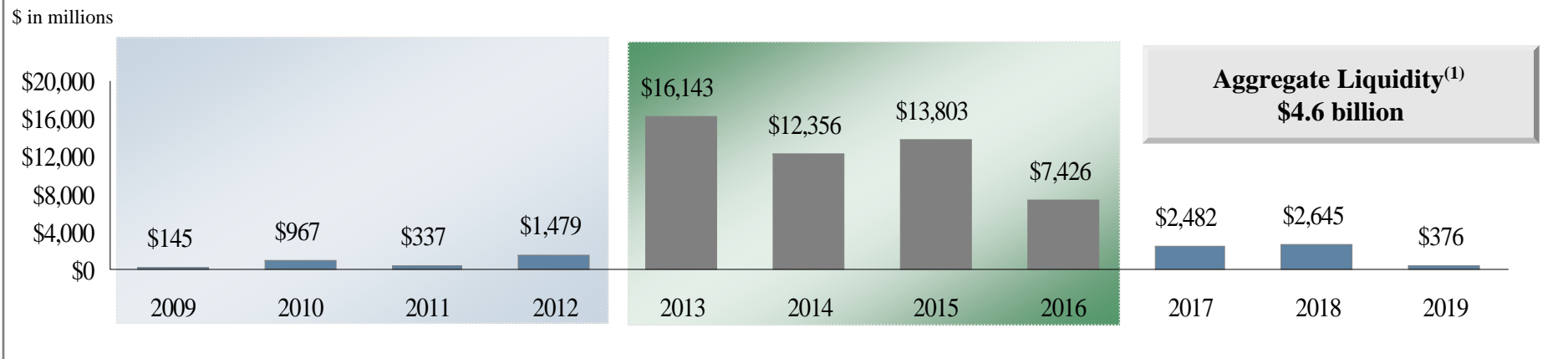
- Announced acquisition of VAG Holding GmbH, a global leader in the design and manufacture of valves and engineered solutions (**July 2011**)



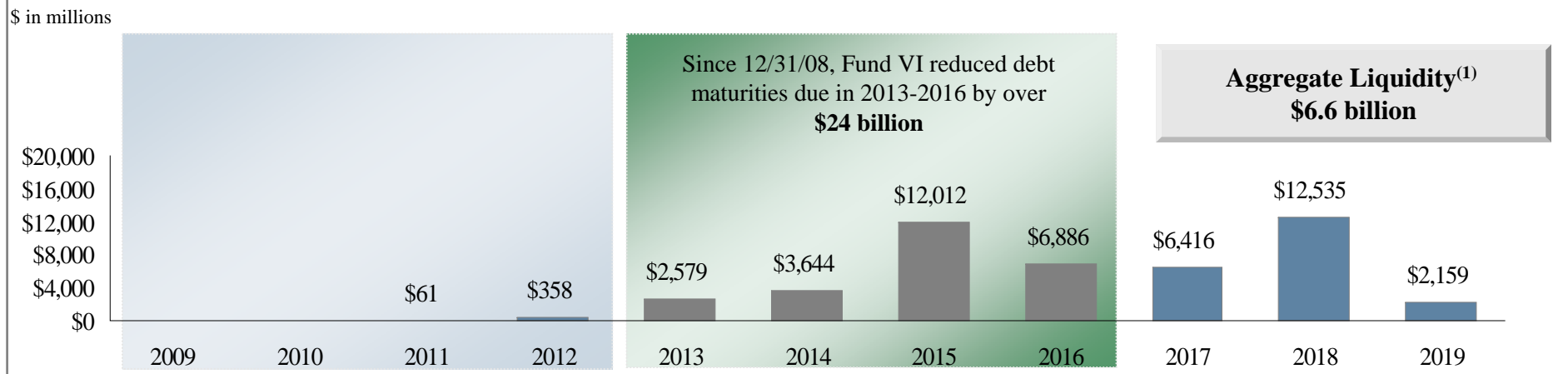
- Completed the acquisition of Rexam's specialty and beverage closures business (**September 2011**)
- Announced the acquisition of LINPAC Packaging Filmco, a manufacturer of PVC stretch film packaging (**August 2011**)

# Capital Structures Have Stabilized

### Aggregate Debt Maturity Profile – 12/31/08



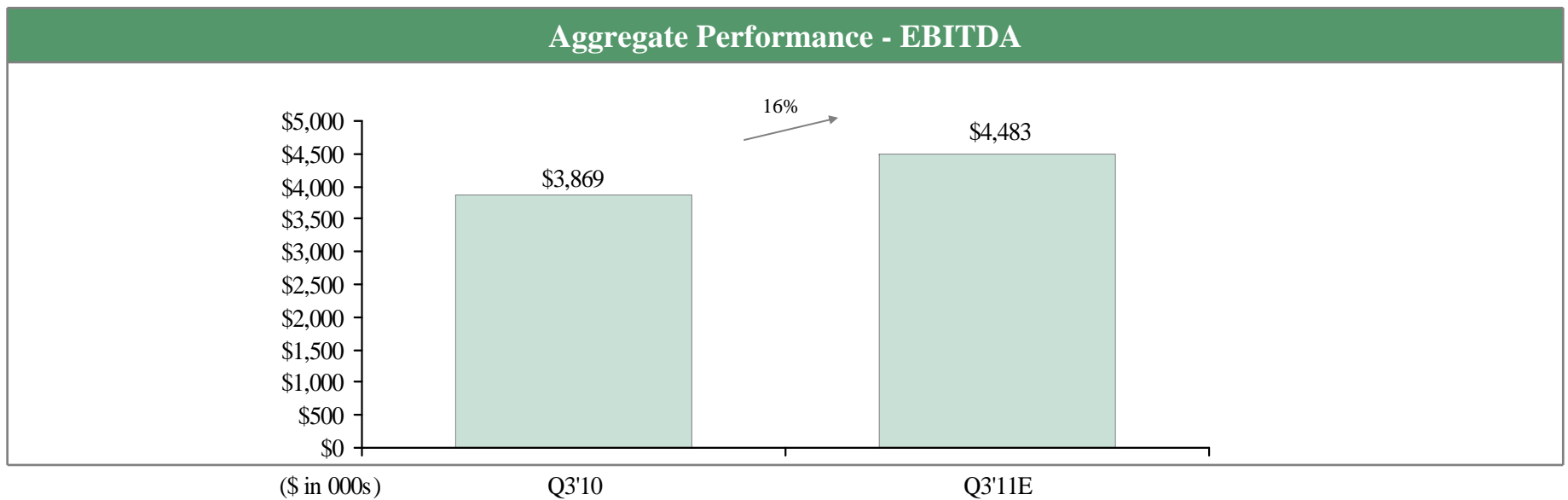
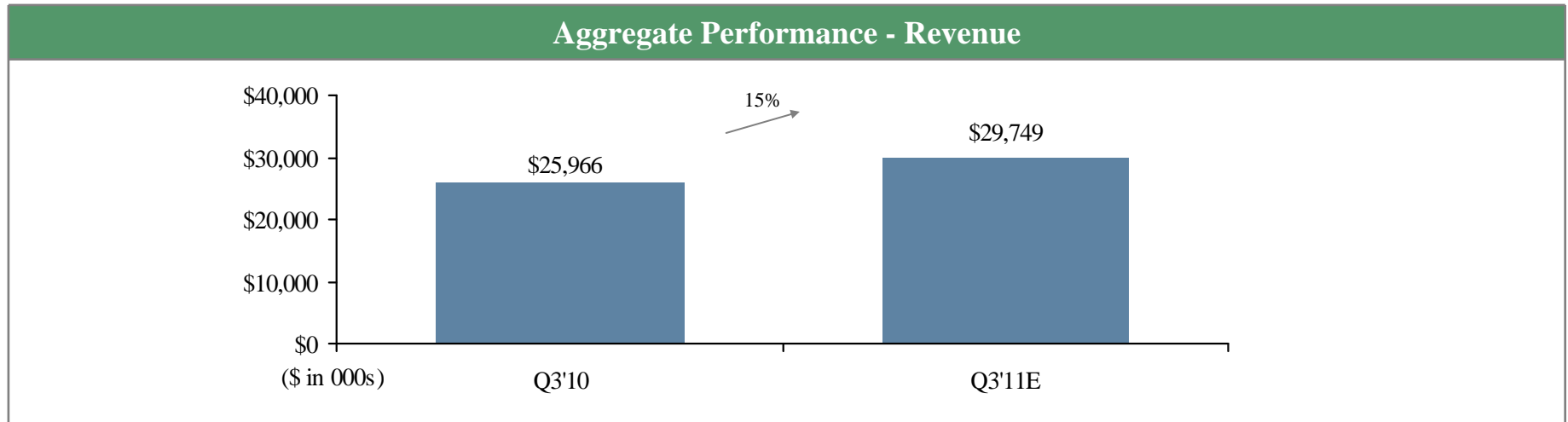
### Aggregate Debt Maturity Profile – 9/30/11 EST



<sup>(1)</sup> Combined total of liquidity for each of the Fund VI portfolio companies.

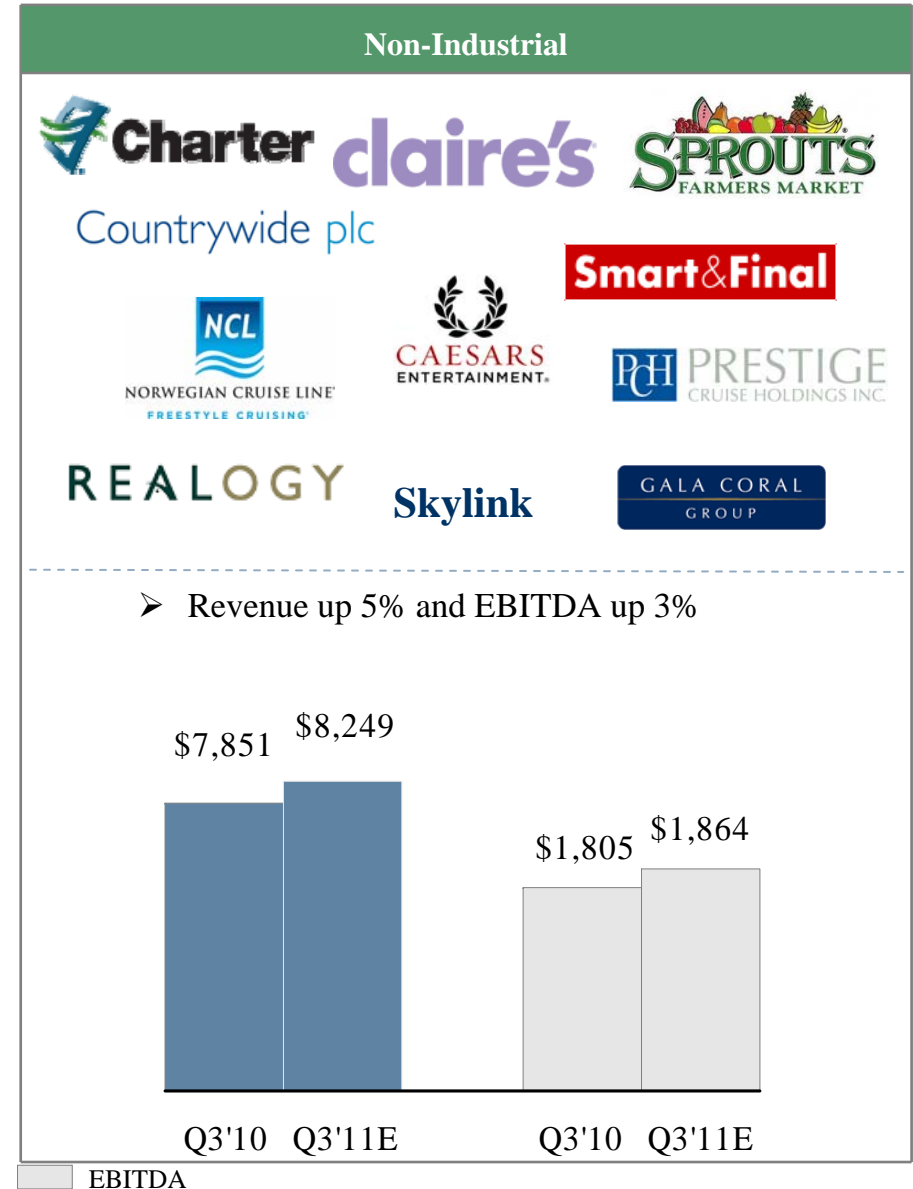
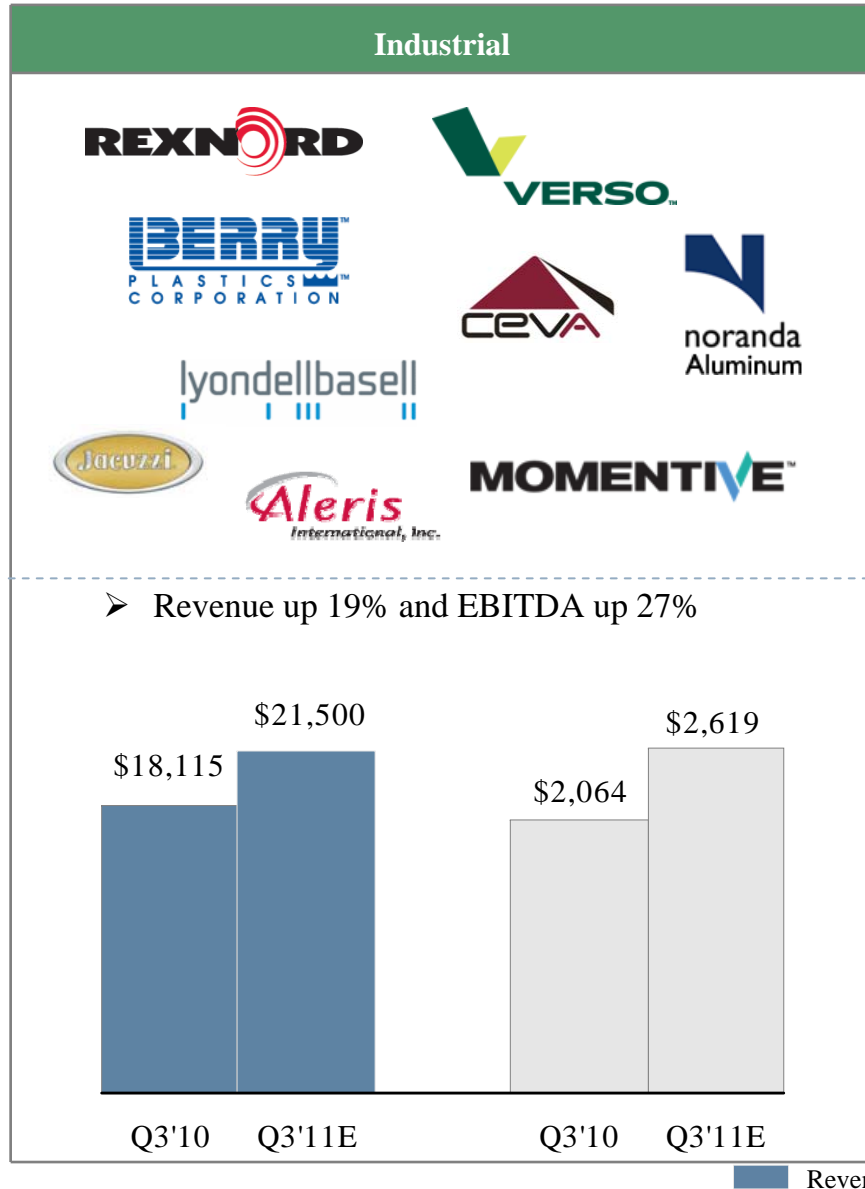


# AAA Portfolio Company Performance



Note: Represents aggregate performance for AAA private equity co-investment portfolio companies. Past performance is not indicative of future results.

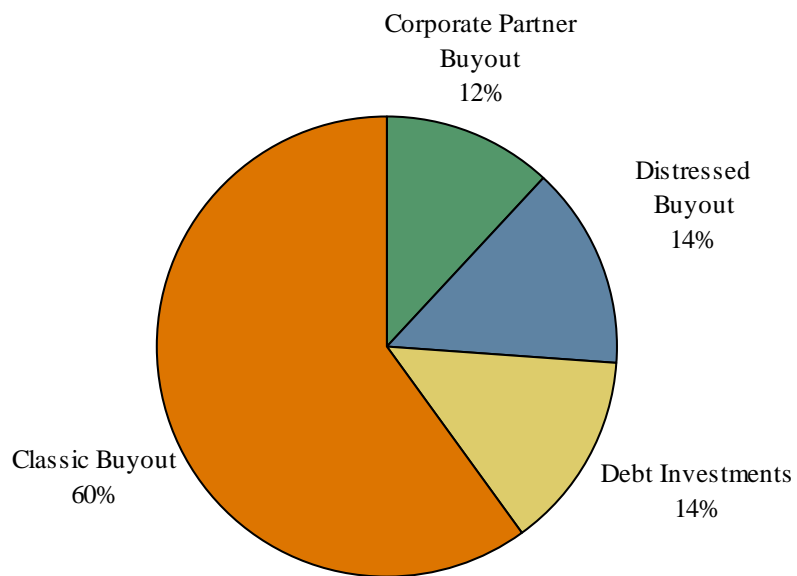
# Portfolio Performance: Industrial vs. Non-Industrial



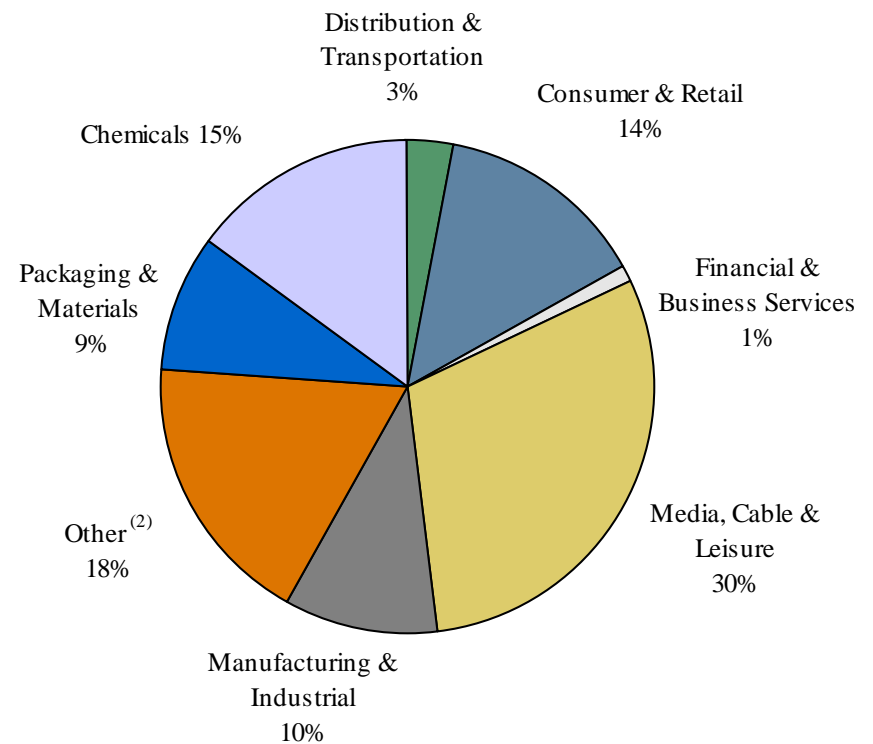
Note: Investments selected on non-performance criteria. Past performance is not indicative of future results.

# 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>



<sup>(1)</sup> Based on fair value as of September 30, 2011.

<sup>(2)</sup> 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 9/30/11				As of 6/30/11
	Original Cost <sup>(2)</sup>	Net Invested Capital <sup>(3)</sup>	GAAP Cost <sup>(4)</sup>	Remaining Fair Value	Adjusted Fair Value <sup>(5)</sup>
Debt Investment Vehicles	\$479.3	\$172.8	\$286.9	<b>\$172.1</b>	\$256.1
Charter Communications	45.2	43.5	44.6	<b>107.3</b>	124.1
Rexnord Corporation	89.2	37.5	37.5	<b>93.3</b>	138.7
Momentive Performance Materials Holdings Inc.	76.0	76.0	76.0	<b>151.2</b>	184.3
All Others	<u>835.5</u>	<u>695.1</u>	<u>669.9</u>	<u><b>463.9</b></u>	<u>595.6</u>
Total	\$1,525.2	\$1,024.9	\$1,114.9	<b>\$987.8</b>	\$1,298.8

(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 September 30, 2011. "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, dividend income, realized gains/losses, interest income, and capitalized interest.

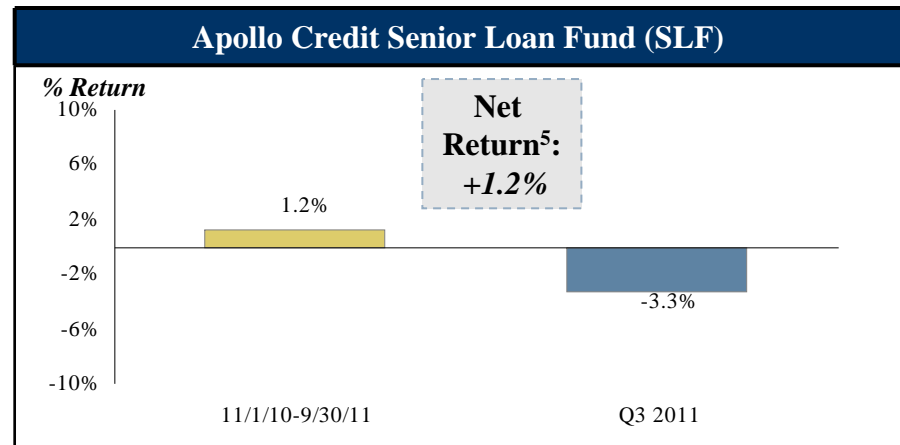
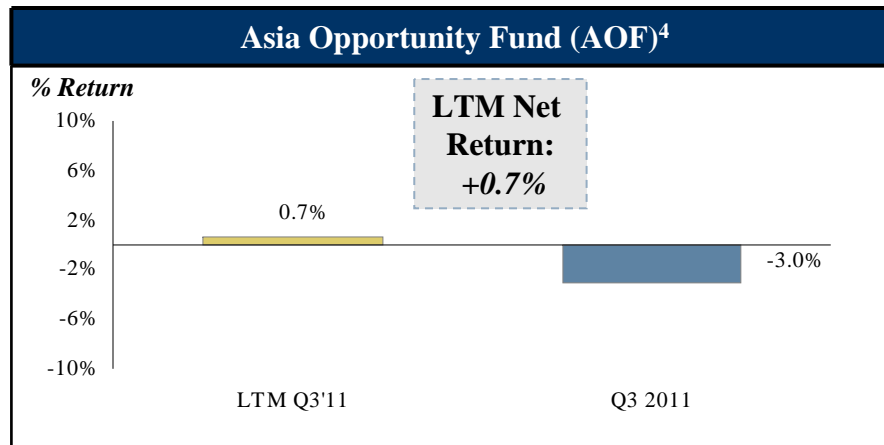
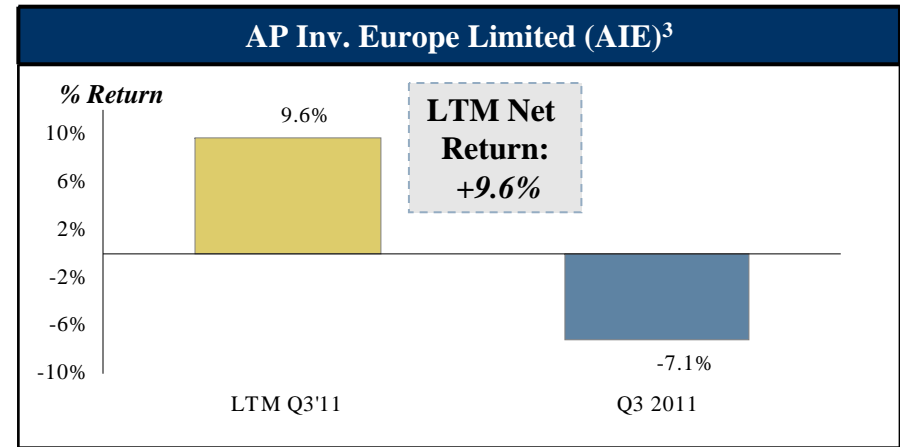
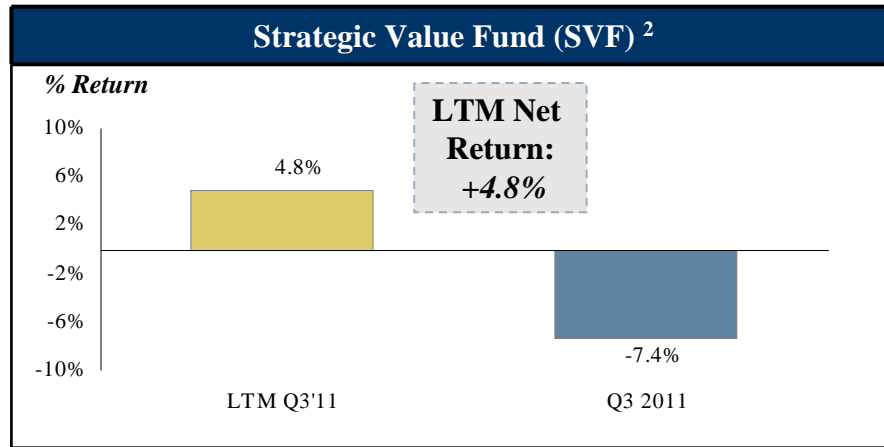
(4) Represents original cost of the investment less returns of capital, sales of holdings, permanent impairments, and capitalized interest.

(5) Adjusted to facilitate comparability for purchases and returns of capital during the quarter ended September 30, 2011. The adjustments were \$0.8mm for the debt investment vehicles and \$5.1mm for all other investments. In addition, \$95.1mm was reclassified from Caesars Entertainment to All Others.

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



■ LTM Q3'11 ■ Q3 2011

(1) Returns for the three and twelve months ended September 30, 2011. 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.

(4) Reflects the returns for AAA Investments' share of both liquidating shares and ongoing interest in AOF.

(5) Net return is for the period of 11/1/10 through 9/30/11; Apollo Credit Senior Loan Fund was launched on 10/18/10.

# Overview of AAA's Capital Markets Portfolio

Capital Markets Investments					
(\$ in millions)	As of 9/30/11			As of 6/30/11	
	Original Cost <sup>(1)</sup>	Net Invested Capital <sup>(2)</sup>	GAAP Cost <sup>(3)</sup>	Remaining Fair Value	Adjusted Fair Value <sup>(4)</sup>
Apollo Strategic Value Fund	\$550.0	\$151.4	\$113.8	<b>\$159.5</b>	\$172.3
Apollo Asia Opportunity Fund	218.0	99.7	96.4	<b>98.2</b>	101.3
Other Apollo Capital Markets Funds:					
Apollo Investment Europe	339.5	197.3	198.1	<b>26.9</b>	31.3
European Principal Finance Fund	156.5	57.7	57.7	<b>67.5</b>	73.1
Apollo Credit Senior Loan Fund	<u>25.0</u>	<u>25.0</u>	<u>25.0</u>	<u><b>25.1</b></u>	<u>25.9</u>
Total	\$1,289.0	\$531.1	\$491.0	<b>\$377.2</b>	\$403.9

(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 and capitalized interest.

(4) Adjusted to facilitate comparability for returns of capital and purchases during the quarter ended September 30, 2011. The adjustments were \$(20.7)mm for Apollo Investment Europe and \$0.8mm for the European Principal Finance Fund.

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# Update on Athene<sup>(1)</sup>

- Q3 2011 Activity:
  - Value decreased slightly due to unwinding of transaction-related hedge
  - Completed acquisition of Investor Insurance Corporation
  - Continued to integrate Liberty Life Insurance Company into the Athene platform
- Valuation at September 30, 2011 is based on a discounted cash flow analysis which we believe represents the embedded value of existing business

(\$ in millions)	As of 9/30/11			As of 6/30/11 <sup>(5)</sup>	
	Original Cost <sup>(2)</sup>	Net Invested Capital <sup>(3)</sup>	GAAP Cost <sup>(4)</sup>	Remaining Fair Value	Adjusted Fair Value
Apollo Life Re Ltd.	\$301.1	\$301.1	\$301.1	<b>\$372.9</b>	\$378.7

(1) Apollo Life Re Ltd. is an Apollo-sponsored vehicle that owns the majority of the equity of Athene Holding Ltd., the parent of Athene Life Re Ltd. ("Athene"), a Bermuda-based reinsurance company focused on the life reinsurance sector, Liberty Life Insurance Company, a recently acquired Delaware-domiciled (formerly South Carolina-domiciled) stock life insurance company focused on retail sales and reinsurance in the retirement services market, and Athene Life Insurance Company, a recently organized Indiana-domiciled stock life insurance company.

(2) Represents original cost paid for the investment.

(3) 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.

(4) Represents original cost of the investment less returns of capital and capitalized interest.

(5) Adjusted to facilitate comparability for purchases during the quarter ended September 30, 2011. The adjustments were \$100.0mm for Apollo Life Re Ltd.

## Update on Athene (Cont'd.)

### Acquisition Update

- On April 29, Athene closed its acquisition of Liberty Life Insurance Company, a Delaware-domiciled (formerly South Carolina-domiciled) subsidiary of RBC, and acquired \$2.8b of reserves
- On July 18, Athene closed its acquisition of Investors Insurance Corporation (“IIC”), a fixed annuity business owned by SCOR SE, and acquired \$1.4b of reserves

### Going Forward

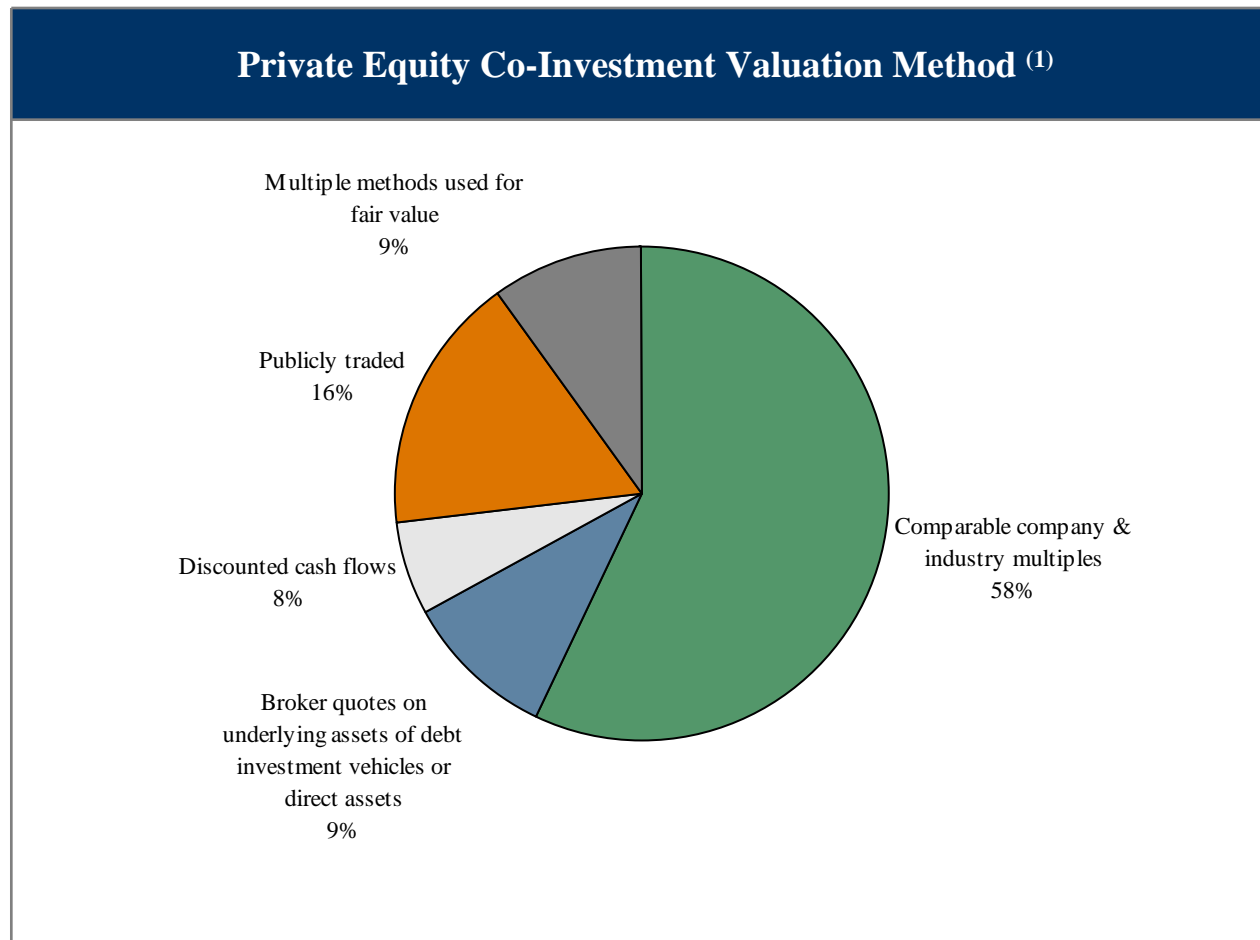
- Significant opportunities for organic growth through:
  - New fixed annuity retail distribution network
  - ALIC, wholesale distribution network, though both opportunities will not begin to hit scale until mid/end 2012

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# Private Equity Valuation Methodology

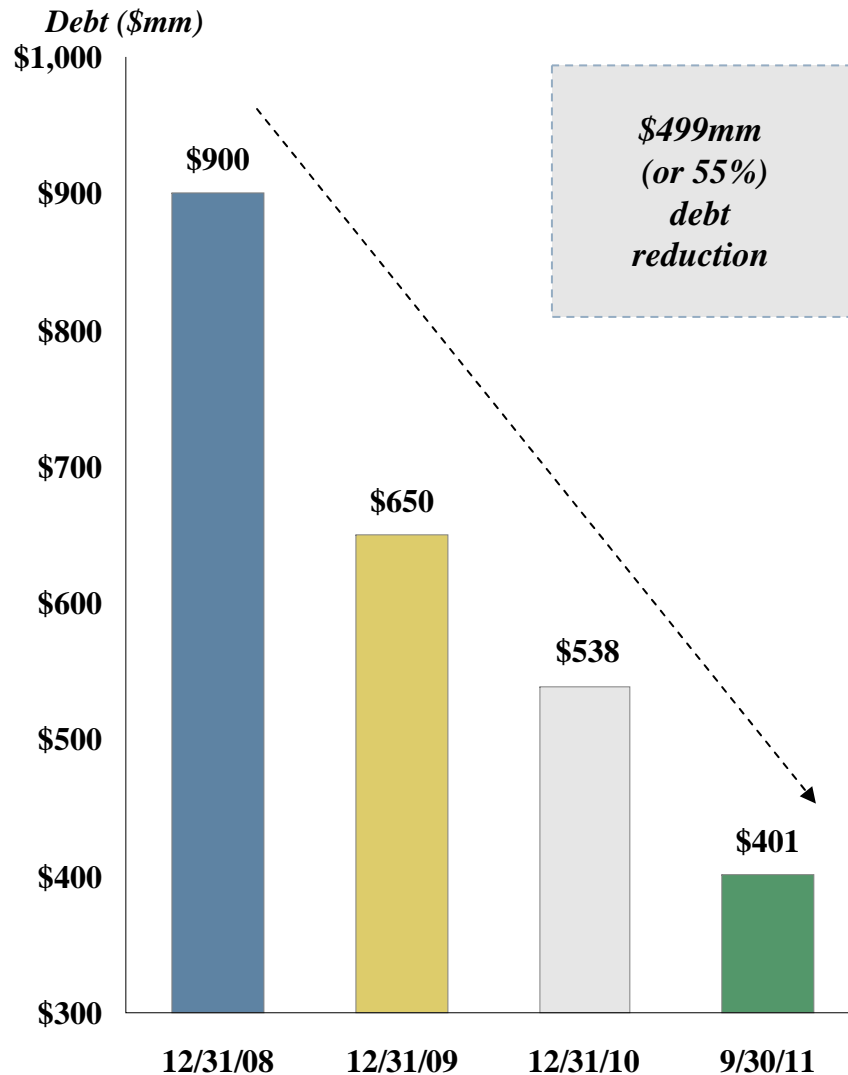
- At September 30, 2011 AAA's portfolio of private equity co-investments was valued based on the methodologies below



*(1) Based on fair value as of September 30, 2011.*

# Ongoing Management of Capital Structure & Liquidity

## \$499mm Reduction in Debt Outstanding



## Recent Credit Rating from Standard & Poor's<sup>(1)</sup>

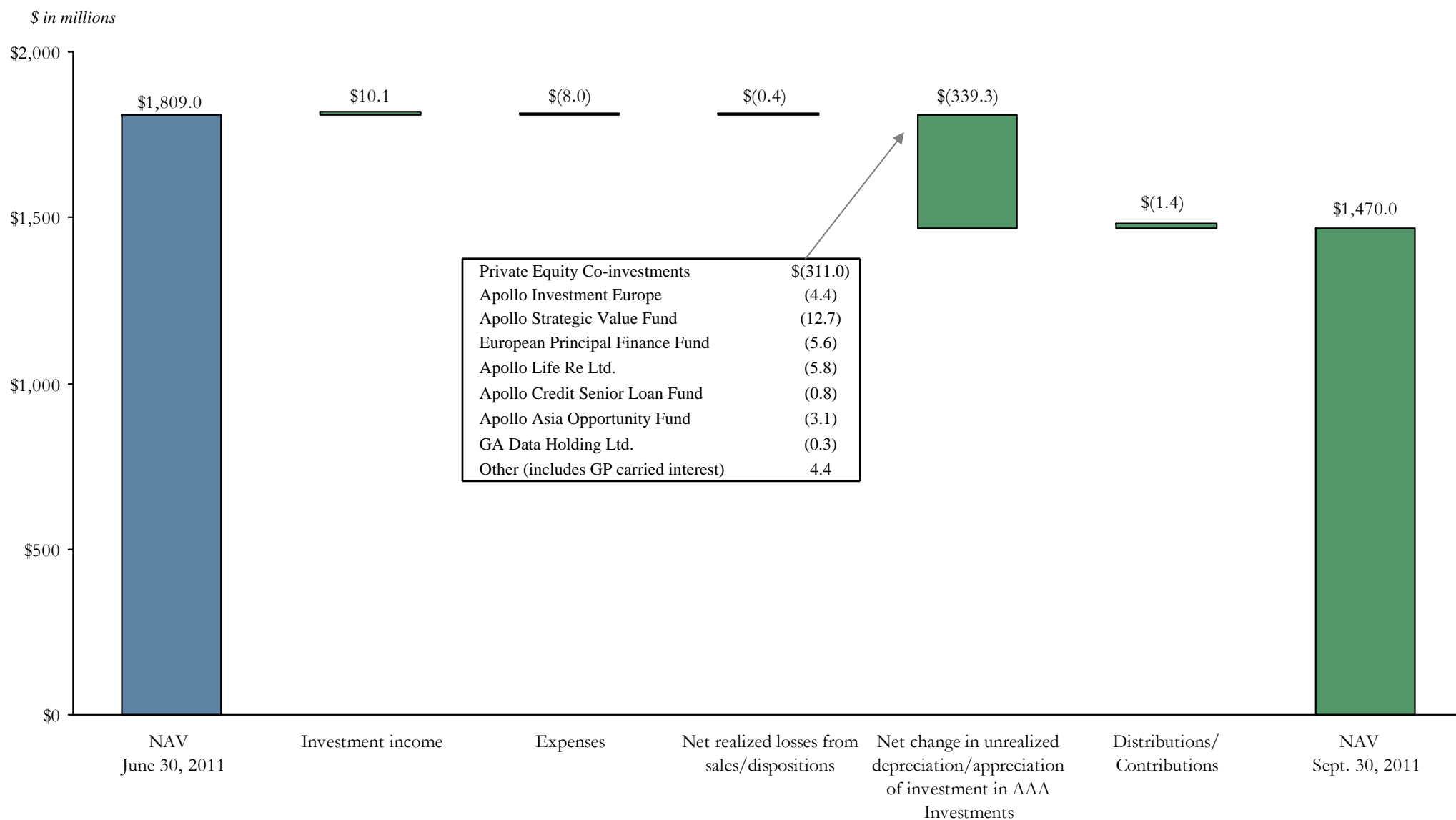
- 'BBB' initial counterparty credit rating assigned by Standard & Poor's (S&P) to AAA and AAA Investments
- Stable Outlook; S&P "expects the funds' liquidity and leverage will remain stable"

## Other Recent Developments

- \$50 million unit purchase program approved through December 31, 2012
  - Gives AAA authority to buyback units through tender offers, block trades, on-market buyback programs, direct off-market trades or other forms of repurchase at discretion of Investment Manager
- Carry reinvestment arrangement modified such that Apollo reinvests by purchasing existing shares in open market versus AAA issuing new shares under the original program

(1) Credit ratings are statements of opinions and not statements of facts or recommendations to purchase, hold or sell securities. They do not address the suitability of securities for investment purposes and should not be relied on as investment advice.

# Q3 2011 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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*Information contained herein may include information respecting prior investment performance of one or more Apollo funds including gross and net returns. Information respecting prior performance, while a useful tool in evaluating an Apollo fund's investment activities, is not necessarily indicative of actual results to be achieved for unrealized investments, the realization of which is dependent upon many factors, many of which are beyond the control of Apollo Management. Further, there can be no assurance that the indicated valuations for unrealized investments accurately reflect the amounts for which the subject investments could be sold. Unless otherwise noted, all such return amounts described herein are calculated as of the dates indicated. Gross returns are computed prior to management fees, carried interest and expenses; net returns give effect to management fees, carried interest and expenses. Gross and net returns are based on actual cash flows to and from the indicated Apollo fund in accordance with the applicable provisions within the governing documents of the Apollo funds. Gross returns represent the monthly trading profit and loss over the beginning monthly Gross Assets for the fund (net assets + accrued performance fees + deferred performance fee payable, if applicable) from the beginning of the period presented through the end of the period presented and is calculated using the returns that have been geometrically linked based on capital contributions and withdrawals, as applicable. Net returns represent the calculated return that is based on the fund's month-to-month change in net assets from the beginning of the period through the end of the period and is calculated using the returns that have been geometrically linked based on capital contributions and withdrawals, as applicable.*

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