

APOLLO INVESTMENT CORP
Form 10-Q
February 06, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarter Ended December 31, 2013

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission File Number: 814-00646

APOLLO INVESTMENT CORPORATION
(Exact name of registrant as specified in its charter)

Maryland 52-2439556
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

9 West 57th Street
37th Floor 10019
New York, N.Y.
(Address of principal executive office) (Zip Code)

(212) 515-3450
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

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

The number of shares of the registrant's Common Stock, \$.001 par value, outstanding as of February 6, 2014 was 224,741,351.

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PART I. FINANCIAL INFORMATION

In this Quarterly Report, “Apollo Investment”, the “Company”, “AIC”, “we”, “us” and “our” refer to Apollo Investment Corporation unless the context otherwise states.

Item 1. Financial Statements

APOLLO INVESTMENT CORPORATION

STATEMENTS OF ASSETS AND LIABILITIES

(in thousands, except per share amounts)

| | December 31, 2013 (unaudited) | March 31, 2013 |
|--|-------------------------------------|-------------------|
| Assets | | |
| Non-controlled/non-affiliated investments, at fair value (cost—\$2,620,699 and \$2,550,091, respectively) | \$2,643,893 | \$2,414,307 |
| Non-controlled/affiliated investments, at fair value (cost—\$164,914 and \$124,006, respectively) | 156,038 | 125,674 |
| Controlled investments, at fair value (cost—\$394,787 and \$345,204, respectively) | 383,680 | 310,418 |
| Total investments | 3,183,611 | 2,850,399 |
| Cash | | |
| Foreign currency (cost—\$2,211 and \$2,293, respectively) | 2,235 | 2,295 |
| Receivable for investments sold | 99,600 | 5,713 |
| Interest receivable | 40,626 | 51,990 |
| Dividends receivable | 6,848 | 2,703 |
| Deferred financing costs | 33,171 | 26,990 |
| Prepaid expenses and other assets | 997 | 320 |
| Total assets | \$3,379,700 | \$2,944,312 |
| Liabilities | | |
| Debt (see notes 8 & 11) | \$1,261,292 | \$1,156,067 |
| Payable for investments purchased | 99,134 | 26,021 |
| Dividends payable | 44,948 | 40,578 |
| Management and performance-based incentive fees payable (see note 3) | 29,344 | 26,509 |
| Interest payable | 14,150 | 12,012 |
| Accrued administrative expenses | 1,315 | 2,219 |
| Other liabilities and accrued expenses | 4,178 | 3,517 |
| Total liabilities | \$1,454,361 | \$1,266,923 |
| Net Assets | | |
| Common stock, par value \$.001 per share, 400,000,000 and 400,000,000 common shares authorized, respectively, and 224,741,351 and 202,891,351 issued and outstanding, respectively | \$225 | \$203 |
| Paid-in capital in excess of par (see note 2f) | 3,115,442 | 2,933,636 |
| Over-distributed net investment income (see note 2f) | (27,392) | (44,183) |
| Accumulated net realized loss (see note 2f) | (1,162,621) | (1,053,080) |
| Net unrealized depreciation | (315) | (159,187) |
| Total net assets | \$1,925,339 | \$1,677,389 |

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| | | |
|------------------------------------|-------------|-------------|
| Total liabilities and net assets | \$3,379,700 | \$2,944,312 |
| Net asset value per share | \$8.57 | \$8.27 |
| See notes to financial statements. | | |

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APOLLO INVESTMENT CORPORATION
 STATEMENTS OF OPERATIONS (unaudited)
 (in thousands, except per share amounts)

| | Three months ended | | Nine months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2013 | December 31, 2012 | December 31, 2013 | December 31, 2012 |
| INVESTMENT INCOME: | | | | |
| From non-controlled/non-affiliated investments: | | | | |
| Interest | \$76,347 | \$73,186 | \$231,136 | \$215,905 |
| Dividends | 1,172 | 84 | 5,866 | 4,680 |
| Other income | 2,983 | 5,121 | 9,675 | 13,577 |
| From non-controlled/affiliated investments: | | | | |
| Interest | 1,001 | 59 | 2,730 | 59 |
| Dividends | 5,964 | 2,647 | 15,528 | 4,147 |
| From controlled investments: | | | | |
| Interest | 5,767 | 1,772 | 16,345 | 4,559 |
| Dividends | 914 | 343 | 3,174 | 4,407 |
| Other income | 413 | — | 487 | 43 |
| Total investment income | \$94,561 | \$83,212 | \$284,941 | \$247,377 |
| EXPENSES: | | | | |
| Management fees (see note 3) | \$15,932 | \$13,855 | \$46,044 | \$41,539 |
| Performance-based incentive fees (see note 3) | 11,469 | 10,346 | 35,464 | 30,804 |
| Interest and other debt expenses | 17,366 | 14,651 | 50,682 | 42,757 |
| Administrative services expense | 1,410 | 1,118 | 3,616 | 2,637 |
| Other general and administrative expenses | 2,097 | 1,860 | 6,203 | 6,424 |
| Total expenses | 48,274 | 41,830 | 142,009 | 124,161 |
| Management and performance-based incentive fees waived (see note 3) | (3,375) |) (698) |) (8,675) |) (2,078) |
| Expense reimbursements (see note 3) | (21) |) — | (29) |) — |
| Net expenses | 44,878 | 41,132 | 133,305 | 122,083 |
| Net investment income | \$49,683 | \$42,080 | \$151,636 | \$125,294 |
| REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, CASH EQUIVALENTS, DERIVATIVES AND FOREIGN CURRENCIES: | | | | |
| Net realized gain/(loss): | | | | |
| Investments and cash equivalents | \$4,205 |) \$(10,366) |) \$(120,551) |) \$(69,380) |
| Foreign currencies | (538) |) 1,061 | 2,469 | 669 |
| Derivatives | — | — | 8,541 | — |
| Net realized gain/(loss) | 3,667 | (9,305) | (109,541) | (68,711) |
| Net change in unrealized depreciation/appreciation: | | | | |
| Investments and cash equivalents | 54,395 | (51,309) |) 172,000 | (14,426) |
| Foreign currencies | (2,007) |) (4,210) |) (13,128) |) (3,506) |
| Derivatives | — | — | — | — |
| Net change in unrealized depreciation/appreciation | 52,388 | (55,519) |) 158,872 | (17,932) |
| Net realized and unrealized gain (loss) from investments, cash equivalents, derivatives and foreign currencies | 56,055 | (64,824) |) 49,331 | (86,643) |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | \$105,738 | \$(22,744) |) \$200,967 | \$38,651 |
| EARNINGS PER SHARE—BASIC (see note 5) | \$0.47 | \$(0.11) |) \$0.90 | \$0.19 |

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EARNINGS PER SHARE—DILUTED (see note 5) \$0.45 \$(0.11) \$0.88 0.19
See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
 STATEMENTS OF CHANGES IN NET ASSETS
 (in thousands, except shares)

| | Nine months ended December 31, 2013 (unaudited) | Year ended March 31, 2013 |
|--|---|------------------------------|
| Increase in net assets from operations: | | |
| Net investment income | \$ 151,636 | \$ 167,360 |
| Net realized loss | (109,541 |) (74,673 |
| Net change in unrealized depreciation/appreciation | 158,872 | 11,784 |
| Net increase in net assets resulting from operations | 200,967 | 104,471 |
| Dividends and distributions to stockholders: | | |
| From net investment income | (134,845 |) (159,629 |
| Return of capital | — | (2,684 |
| Total dividends and distributions to stockholders | (134,845 |) (162,313 |
| Capital share transactions: | | |
| Proceeds from shares sold | 182,273 | 50,000 |
| Less offering costs | (445 |) — |
| Net increase in net assets from capital share transactions | 181,828 | 50,000 |
| Total increase (decrease) in net assets: | 247,950 | (7,842 |
| Net assets at beginning of period | 1,677,389 | 1,685,231 |
| Net assets at end of period | \$ 1,925,339 | \$ 1,677,389 |
| Capital share activity: | | |
| Shares sold | 21,850,000 | 5,847,953 |
| Net increase in capital share activity | 21,850,000 | 5,847,953 |
| See notes to financial statements. | | |

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APOLLO INVESTMENT CORPORATION
 STATEMENTS OF CASH FLOWS (unaudited)
 (in thousands)

| | Nine months ended December 31, | |
|---|-----------------------------------|-----------------|
| | 2013 | 2012 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net increase in net assets resulting from operations | \$200,967 | \$38,651 |
| Adjustments to reconcile net increase: | | |
| PIK interest and dividends | (21,008) | (15,012) |
| Net amortization on investments | (25,201) | (18,051) |
| Amortization of deferred financing costs | 5,497 | 7,089 |
| Increase from foreign currency transactions | 2,975 | 940 |
| Net change in unrealized appreciation/depreciation on investments, cash equivalents, derivatives and foreign currencies | (158,872) | 17,932 |
| Net realized loss on investments, cash equivalents, derivatives and foreign currencies | 109,541 | 68,711 |
| Changes in operating assets and liabilities: | | |
| Purchase of investments | (1,830,368) | (1,109,290) |
| Proceeds from purchase of derivatives | 4,156 | — |
| Proceeds from disposition of derivatives | 4,385 | — |
| Proceeds from disposition of investments and cash equivalents | 1,594,910 | 1,108,555 |
| Increase in receivable for investments sold | (93,887) | (16,522) |
| Decrease in interest receivable | 11,364 | 11,460 |
| (Increase) decrease in dividends receivable | (4,145) | 2,897 |
| (Increase) decrease in prepaid expenses and other assets | (677) | 197 |
| Increase in payable for investments purchased | 73,113 | 4,000 |
| Increase in management and performance-based incentive fees payable | 2,835 | 811 |
| Increase in interest payable | 2,138 | 1,976 |
| Decrease in accrued administrative expenses | (904) | (2,035) |
| Increase (decrease) in other liabilities and accrued expenses | 661 | (209) |
| Net cash provided by (used in) operating activities | \$(122,520) | \$102,100 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from the issuance of common stock | \$182,273 | \$50,000 |
| Offering costs from the issuance of common stock | (445) | — |
| Dividends paid in cash | (130,475) | (120,565) |
| Proceeds from debt | 1,609,313 | 852,939 |
| Payments on debt | (1,517,840) | (825,063) |
| Deferred financing costs paid | (11,678) | (18,400) |
| Net cash provided by (used in) financing activities | \$131,148 | \$(61,089) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | \$8,628 | \$41,011 |
| Effect of exchange rates on cash balances | 22 | 1 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | \$6,197 | \$2,678 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$14,847 | \$43,690 |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (unaudited)
December 31, 2013
(in thousands)

| INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED INVESTMENTS —137.3% | Industry | Par Amount* | Cost | Fair Value (1) |
|--|--|----------------|----------|-------------------|
| CORPORATE DEBT—127.9% | | | | |
| SECURED DEBT—74.3% | | | | |
| 1st Lien Secured Debt—35.6% | | | | |
| Archroma, L+825, 10/1/18 ‡ | Chemicals | \$35,511 | \$34,819 | \$35,422 |
| Avanti Communications Group PLC, 10.00%, 10/1/19 †‡ | Telecommunications | 11,000 | 11,000 | 11,468 |
| Avaya, Inc., 9.00%, 4/1/19 † | Telecommunications | 6,973 | 7,134 | 7,304 |
| Aveta, Inc., L+825, 12/12/17 | Healthcare | 61,623 | 60,087 | 62,123 |
| Caza Petroleum Inc., L+1000, 5/23/17 | Oil & Gas | 35,000 | 33,892 | 33,548 |
| Charming Charlie LLC, L+800, 12/18/19 | Retail | 11,615 | 11,441 | 11,441 |
| Delta Educational Systems, Inc., 16.00% (8.00% Cash/8.00% PIK), 12/11/16 | Education | 5,327 | 5,327 | 5,327 |
| Endeavour Energy UK Limited, 9.75%, 12/31/15 ‡ | Oil & Gas | 12,500 | 12,500 | 12,500 |
| Endeavour International Corp., 12.00%, 3/1/18 †‡ | Oil & Gas | 14,621 | 14,147 | 15,115 |
| Endeavour International Corp., 13.00%, 6/30/14 †‡ | Oil & Gas | 30,000 | 30,320 | 30,825 |
| Evergreen Tank Solutions, Inc., L+800, 9/28/18 † | Containers, Packaging, and Glass | 36,920 | 36,375 | 36,874 |
| Evergreen Tank Solutions, Inc., L+800, 9/28/18 † | Containers, Packaging, and Glass | 5,408 | 5,408 | 5,401 |
| Magnetation, LLC, 11.00%, 5/15/18 † | Mining | 25,750 | 25,903 | 28,582 |
| Maxus Capital Carbon SPE I, LLC (Skyonic Corp.), 13.00%, 9/18/19 | Chemicals | 60,000 | 60,000 | 60,000 |
| Miller Energy Resources, Inc., 18.00% (15.00% Cash/3.00% PIK Option), 6/29/17 † | Oil & Gas | 55,307 | 55,307 | 58,625 |
| Miller Energy Resources, Inc., 9.00%, 6/29/17 † | Oil & Gas | 20,000 | 20,000 | 20,800 |
| Molycorp, Inc., 10.00%, 6/1/20 ‡ | Diversified Natural Resources, Precious Metals and Minerals | 40,268 | 39,809 | 40,067 |
| New Publishing Holdings, LLC (F&W Media), L+650, 6/30/19 | Printing & Publishing | 15,920 | 14,720 | 15,363 |
| Osage Exploration & Development, Inc., L+1500, 4/27/15 ‡ | Oil & Gas | 20,000 | 19,701 | 20,000 |
| Panda Sherman Power, LLC, L+750, 9/14/18 | Energy | 15,000 | 14,813 | 15,450 |
| Panda Temple Power, LLC, L+1000, 7/17/18 | Energy | 25,500 | 25,081 | 26,265 |
| Pelican Energy, LLC, 10.00% (7.00% Cash / 3.00% PIK), 12/31/18 ‡ | Oil & Gas | 16,455 | 15,881 | 16,784 |
| Reichhold Holdings International B.V., L+975, 12/19/16 ‡ | Financial Services | 22,500 | 22,500 | 22,500 |
| Spotted Hawk Development LLC, 14.00% (13.00% Cash/ 1.00% PIK), 6/30/16 ‡ | Oil & Gas | 24,247 | 23,597 | 23,556 |

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| | | | | |
|--|--------------------|--------|-----------|-----------|
| Sunrun Solar Owner IX, LLC, 9.079%, 12/31/24 | Energy | 3,671 | 3,510 | 3,500 |
| Travel Leaders Group, LLC, L+600, 12/5/18 | Business Services | 19,600 | 18,436 | 19,355 |
| UniTek Global Services Inc., (Revolver) L+925, 4/15/16 | Telecommunications | 48,054 | 48,054 | 48,054 |
| Total 1st Lien Secured Debt | | | \$669,762 | \$686,249 |
| See notes to financial statements. | | | | |

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS (unaudited) (continued)

December 31, 2013

(in thousands)

INVESTMENTS IN

NON-CONTROLLED/NON-AFFILIATED

| INVESTMENTS —137.3% | Industry | Par Amount* | Cost | Fair Value (1) |
|---|----------------------------------|-------------|----------|----------------|
| 2nd Lien Secured Debt—39.1% | | | | |
| Active Network, Inc., L+850, 11/15/21 | Business Services | \$ 25,000 | \$24,876 | \$25,281 |
| Allied Security Holdings, LLC, L+825, 2/2/18 | Business Services | 31,000 | 30,793 | 31,349 |
| Ardent Medical Services, Inc., L+950, 1/2/19 | Healthcare | 12,000 | 11,727 | 12,165 |
| Armor Holdings, Inc. (American Stock Transfer and Trust Company), L+900, 12/26/20 | Financial Services | 8,000 | 7,847 | 8,020 |
| Bennu Oil & Gas, LLC, L+900, 11/1/18 | Oil & Gas | 12,098 | 11,992 | 12,219 |
| BJ's Wholesale Club, Inc, L+750, 3/26/20 | Retail | 20,000 | 19,901 | 20,463 |
| Brock Holdings III, Inc., L+825, 3/16/18 | Environmental Services | 19,500 | 19,233 | 19,866 |
| Confie Seguros Holding II Co., L+900, 5/8/19 | Insurance | 27,344 | 27,086 | 27,617 |
| Consolidated Precision Products Corp., L+775, 4/30/21 | Aerospace & Defense | 8,940 | 8,896 | 9,108 |
| Del Monte Foods Co, L+725, 7/26/21 | Beverage, Food & Tobacco | 15,140 | 14,989 | 15,348 |
| Deltek, Inc., L+875, 10/10/19 | Business Services | 27,273 | 27,015 | 27,682 |
| Digital Insight Corporation, L+775, 8/1/20 | Business Services | 7,820 | 7,743 | 7,986 |
| Garden Fresh Restaurant Corp., 7.25% PIK, 1/1/19 † | Restaurants | 7,525 | 5,410 | 5,117 |
| Garden Fresh Restaurant Corp., 14.50% PIK, 1/1/19 † | Restaurants | 33,305 | 31,044 | 29,641 |
| GCA Services Group, Inc., L+800, 11/1/20 | Diversified Service | 22,838 | 22,942 | 23,194 |
| Grocery Outlet Inc., L+925, 6/17/19 | Grocery | 8,674 | 8,521 | 8,847 |
| HD Vest Inc., L+800, 6/18/19 ‡ | Financial Services | 9,396 | 9,287 | 9,302 |
| Healogics, Inc., L+800, 2/5/20 | Healthcare | 10,000 | 10,113 | 10,225 |
| Insight Pharmaceuticals, LLC, L+1175, 8/25/17 | Consumer Products | 15,448 | 15,232 | 15,217 |
| Kronos, Inc., L+850, 4/30/20 | Business Services | 76,920 | 75,985 | 79,997 |
| Learfield Communications, Inc., L+775, 10/8/21 | Media | 15,000 | 14,852 | 15,375 |
| Ranpak Corp., L+725, 4/23/20 | Packaging | 22,000 | 21,795 | 22,660 |
| River Cree Enterprises LP, 11.00%, 1/20/21 †‡ | Hotels, Motels, Inns & Gaming | CAD35,000 | 32,996 | 34,176 |
| Sedgwick Holdings, Inc., L+700, 12/12/18 | Business Services | \$ 15,225 | 15,154 | 15,510 |
| SESAC Holdco II LLC, L+875, 7/12/19 | Broadcasting & Entertainment | 10,750 | 10,882 | 11,019 |
| Sprint Industrial Holdings, LLC, L+1000, 11/14/19 | Containers, Packaging, and Glass | 14,163 | 13,921 | 14,305 |
| SquareTwo Financial Corp. (Collect America, Ltd.), 11.625%, 4/1/17 ‡ | Financial Services | 51,079 | 49,713 | 53,218 |
| Transfirst Holdings Inc., L+975, 6/27/18 | Financial Services | 64,750 | 63,258 | 65,681 |
| TriNet HR Corporation, L+775, 2/20/21 | Business Services | 7,130 | 6,992 | 7,170 |
| U.S. Renal Care, Inc., L+900, 1/3/20 † | Healthcare | 11,927 | 11,982 | 12,151 |
| U.S. Renal Care, Inc., L+750, 7/3/20 † | Healthcare | 10,100 | 9,904 | 10,264 |
| Valerus Compression Services, LP, 11.50%, 3/26/18 | Manufacturing | 40,000 | 40,000 | 41,200 |

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| | | | | |
|------------------------------------|-------------------|--------|-----------|-----------|
| Vertafore, Inc., L+825, 10/29/17 | Business Services | 50,436 | 50,152 | 51,445 |
| Total 2nd Lien Secured Debt | | | \$732,233 | \$752,818 |
| See notes to financial statements. | | | | |

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS (unaudited) (continued)

December 31, 2013

(in thousands)

INVESTMENTS IN

NON-CONTROLLED/NON-AFFILIATED

INVESTMENTS —137.3%

Unfunded Revolver Obligations— (0.4)%

Advantage Sales & Marketing, Inc., (Revolver)

L+400, 12/17/15 (8)

| Industry | Par Amount* | Cost | Fair Value (1) |
|--------------------|-------------|-------------|----------------|
| Grocery | \$ 5,500 | \$— | \$(413) |
| Telecommunications | 36,785 | (5,702) | (3,035) |
| Business Services | 30,760 | (3,677) | (2,153) |
| Insurance | 4,500 | (450) | (495) |
| Financial Services | 12,500 | — | — |
| Healthcare | 25,000 | (2,000) | (2,000) |
| Telecommunications | 26,946 | — | — |
| | | \$(11,829) | \$(8,096) |
| | | \$1,390,166 | \$1,430,971 |

Total Unfunded Revolver Obligations

TOTAL SECURED DEBT

UNSECURED DEBT—53.6%

| | | | | |
|---|---|------------|----------|----------|
| Allied Nevada Gold Corp., 8.75%, 6/1/19 t‡ | Diversified Natural Resources, Precious Metals and Minerals | CAD 16,981 | \$15,350 | \$10,229 |
| Altegrity, Inc., 0.00%, 8/2/16 † | Diversified Service | \$ 3,545 | 2,584 | 1,276 |
| Altegrity, Inc., 12.00%, 11/1/15 †† | Diversified Service | 44,000 | 44,000 | 40,095 |
| American Tire Distributors, Inc., 11.50%, 6/1/18 | Distribution | 25,000 | 25,000 | 25,670 |
| BCA Osprey II Limited (British Car Auctions), 12.50% PIK, 8/17/17 †‡ | Transportation | £ 20,948 | 33,142 | 34,764 |
| BCA Osprey II Limited (British Car Auctions), 12.50% PIK, 8/17/17 †‡ | Transportation | € 12,721 | 17,473 | 17,564 |
| Ceridian Corp., 12.25% Cash or 13.00% PIK, 11/15/15 † | Diversified Service | \$ 14,420 | 14,420 | 14,555 |
| Ceridian Corp., 11.25%, 11/15/15 † | Diversified Service | 35,800 | 35,800 | 36,136 |
| Ceridian Corp., 11.00%, 3/15/21 †† | Diversified Service | 34,000 | 34,000 | 39,100 |
| CRC Health Corp., 10.75%, 2/1/16 | Healthcare | 13,000 | 13,088 | 13,073 |
| Delta Educational Systems, Inc., 16.00% (10.00% Cash/ 6.00% PIK), 5/12/17 | Education | 21,361 | 21,010 | 20,218 |
| Denver Parent Corp.(Venoco), 12.25%, 8/15/18 t | Oil & Gas | 25,000 | 24,363 | 24,563 |
| Energy & Exploration Partners, Inc., 15.00%, 4/8/18 † | Oil & Gas | 25,000 | 22,304 | 23,823 |
| Energy & Exploration Partners, Inc., 15.00%, 12/12/18 † | Oil & Gas | 4,464 | 4,256 | 4,254 |
| Exova Limited, 10.50%, 10/15/18 †‡† | Business Services | £ 18,000 | 27,202 | 32,347 |

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| | | | | |
|---|--------------------|-----------|---------|---------|
| Exova Limited, 10.50%, 10/15/18 †‡ | Business Services | 4,655 | 6,194 | 8,365 |
| First Data Corp., 11.25%, 1/15/21 †† | Financial Services | \$ 67,000 | 66,977 | 74,161 |
| First Data Corp., 10.625%, 6/15/21 †† | Financial Services | 10,000 | 10,000 | 10,941 |
| First Data Corp., 11.25%, 3/31/16 † | Financial Services | 17,941 | 17,105 | 18,019 |
| First Data Corp., 12.625%, 1/15/21 † | Financial Services | 5,000 | 5,642 | 5,888 |
| inVentiv Health, Inc., 11.00%, 8/15/18 † | Healthcare | 146,000 | 146,000 | 129,757 |
| Lonestar Intermediate Super Holdings, LLC (Asurion), L+950, 9/2/19 | Insurance | 55,125 | 55,630 | 57,054 |
| Niacet Corporation, 13.00%, 8/28/18 | Chemicals | 12,500 | 12,500 | 12,500 |
| PetroBakken Energy Ltd. (Lightstream Resources Ltd), 8.625%, 2/1/20 †† | Oil & Gas | 59,082 | 59,800 | 60,042 |
| Prospect Holding Co LLC, 10.25%, 10/1/18 †† | Financial Services | 7,500 | 7,129 | 7,087 |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS (unaudited) (continued)

December 31, 2013

(in thousands, except shares)

INVESTMENTS IN

NON-CONTROLLED/NON-AFFILIATED

INVESTMENTS —137.3%

UNSECURED DEBT (continued)—53.6%

Symbion Inc., 11.00%, 8/23/15

Tervita Corporation, 10.875%, 2/15/18 †‡

U.S. Security Associates Holdings, Inc., 11.00%,
7/28/18

Univar Inc., 10.50%, 6/30/18

Varietal Distribution, 10.75%, 6/30/17 ††

Varietal Distribution, 10.75%, 6/30/17 ††

Venoco, Inc., 8.875%, 2/15/19

Wind Acquisition Holdings, 12.25% PIK, 7/15/17 †‡

TOTAL UNSECURED DEBT

TOTAL CORPORATE DEBT

| Industry | Par Amount* | Cost | Fair Value (1) |
|------------------------|-------------|-------------|----------------|
| Healthcare | \$8,508 | \$8,523 | \$8,550 |
| Environmental Services | 26,000 | 25,150 | 26,390 |
| Business Services | 135,000 | 135,000 | 138,510 |
| Distribution | 20,000 | 20,000 | 20,000 |
| Distribution | €11,574 | 15,098 | 16,267 |
| Distribution | \$22,204 | 21,890 | 22,648 |
| Oil & Gas | 38,050 | 38,473 | 37,859 |
| Telecommunications | 37,500 | 38,413 | 39,813 |
| | | \$1,023,516 | \$1,031,518 |
| | | \$2,413,682 | \$2,462,489 |

STRUCTURED PRODUCTS AND OTHER—4.8%

Craft CLO Ltd., L+925, 4/17/20 †‡

Dark Castle Holdings, LLC

JP Morgan Chase & Co, Credit-Linked Note, L+1225,
12/20/21 †‡

Renaissance Umiat, LLC, ACES, Tax Receivable ****†‡

Westbrook CLO Ltd., Series 2006-1A, Class E, L+370,
12/20/20 †‡TOTAL STRUCTURED PRODUCTS AND
OTHER

| | | | |
|--------------------------------|----------|----------|----------|
| Diversified Investment Vehicle | \$20,000 | \$20,000 | \$20,171 |
| Media | 32,415 | 9,306 | 10,058 |
| Diversified Investment Vehicle | 43,250 | 43,250 | 43,250 |
| Oil & Gas | — | 7,977 | 8,816 |
| Diversified Investment Vehicle | 11,000 | 7,583 | 10,395 |
| | | \$88,116 | \$92,690 |

PREFERRED EQUITY—2.1%

CA Holding, Inc. (Collect America, Ltd.) Series A **†‡

Crowley Holdings, Series A, 12.00% (10.00% Cash /
2.00% PIK)Gryphon Colleges Corporation (Delta Educational
Systems, Inc.), 13.50% PIK, ***Gryphon Colleges Corporation (Delta Educational
Systems, Inc.), 12.50% PIK ***Varietal Distribution Holdings, LLC, Class A, 8.00%
PIK

TOTAL PREFERRED EQUITY

| Shares | | | |
|--------------------|---------|----------|----------|
| Financial Services | 7,961 | \$788 | \$1,592 |
| Cargo Transport | 22,500 | 22,500 | 22,500 |
| Education | 12,360 | 27,686 | 13,192 |
| Education | 332,500 | 6,863 | — |
| Distribution | 3,097 | 5,185 | 2,976 |
| | | \$63,022 | \$40,260 |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS (unaudited) (continued)

December 31, 2013

(in thousands, except shares and warrants)

INVESTMENTS IN

NON-CONTROLLED/NON-AFFILIATED

INVESTMENTS —137.3%

EQUITY—2.5%

Common Equity/Interests—1.8%

Accelerate Parent Corp. (American Tire Distributors)

**

| | Industry | Shares | Cost | Fair Value (1) |
|---|---------------------|-----------|----------|----------------|
| Accelerate Parent Corp. (American Tire Distributors) | Distribution | 3,125,000 | \$3,125 | \$4,340 |
| AHC Mezzanine, LLC (Advanstar) ** | Media | — | 1,063 | 590 |
| Altegrity Holding Corp. ** | Diversified Service | 353,399 | 13,797 | 338 |
| CA Holding, Inc. (Collect America, Ltd.) Series A **‡ | Financial Services | 25,000 | 2,500 | 1,731 |
| CA Holding, Inc. (Collect America, Ltd.) Series AA **‡ | Financial Services | 4,294 | 429 | 859 |
| Caza Petroleum, Inc., Net Profits Interest ** | Oil & Gas | — | 940 | 886 |
| Caza Petroleum, Inc., Overriding Royalty Interest ** | Oil & Gas | — | 265 | 266 |
| Clothesline Holdings, Inc. (Angelica Corporation) ** | Healthcare | 6,000 | 6,000 | 3,348 |
| Explorer Coinvest, LLC (Booz Allen) **‡ | Business Services | 373 | 2,856 | 6,645 |
| Garden Fresh Restaurant Holding, LLC ** | Restaurants | 50,000 | 5,000 | — |
| Gryphon Colleges Corporation (Delta Educational Systems, Inc.) ** | Education | 17,500 | 175 | — |
| GS Prysmian Co-Invest L.P. (Prysmian Cables & Systems) (2,3) **‡ | Manufacturing | — | — | 28 |
| JV Note Holdco, LLC (DSI Renal Inc.) ** | Healthcare | 9,303 | 85 | — |
| Pelican Energy, LLC, Net Profits Interest **‡ | Oil & Gas | — | 551 | 286 |
| RC Coinvestment, LLC (Ranpak Corp.) ** | Packaging | 50,000 | 5,000 | 7,060 |
| Sorenson Communications Holdings, LLC, Class A ** | Consumer Products | 454,828 | 46 | 230 |
| Univar, Inc. ** | Distribution | 900,000 | 9,000 | 8,480 |
| Varietal Distribution Holdings, LLC, Class A ** | Distribution | 28,028 | 28 | — |
| Total Common Equity/Interests | | | \$50,860 | \$35,087 |

Warrants—0.7%

CA Holding, Inc. (Collect America, Ltd.), Common **‡

Energy & Exploration Partners, Inc., Common **

Energy & Exploration Partners, Inc., Common **

Fidji Luxco (BC) S.C.A., Common (FCI) (2) **‡

Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Common **

Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Class A-1 Preferred **

Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Class B-1 Preferred **

Osage Exploration & Development, Inc., Common **‡

Spotted Hawk Development LLC, Common **‡

Total Warrants

TOTAL EQUITY

Total Investments in Non-Controlled/ Non-Affiliated Investments

Warrants

| | | | | |
|--|--------------------|-----------|-------------|-------------|
| CA Holding, Inc. (Collect America, Ltd.), Common **‡ | Financial Services | 7,961 | \$8 | \$— |
| Energy & Exploration Partners, Inc., Common ** | Oil & Gas | 48,077 | 2,232 | 2,021 |
| Energy & Exploration Partners, Inc., Common ** | Oil & Gas | 5,684 | 76 | 80 |
| Fidji Luxco (BC) S.C.A., Common (FCI) (2) **‡ | Electronics | 24,862 | 250 | 6,956 |
| Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Common ** | Education | 9,820 | 98 | — |
| Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Class A-1 Preferred ** | Education | 45,947 | 460 | — |
| Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Class B-1 Preferred ** | Education | 104,314 | 1,043 | — |
| Osage Exploration & Development, Inc., Common **‡ | Oil & Gas | 1,496,843 | — | 1,171 |
| Spotted Hawk Development LLC, Common **‡ | Oil & Gas | 54,545 | 852 | 3,139 |
| Total Warrants | | | \$5,019 | \$13,367 |
| TOTAL EQUITY | | | \$55,879 | \$48,454 |
| Total Investments in Non-Controlled/ Non-Affiliated Investments | | | \$2,620,699 | \$2,643,893 |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
 SCHEDULE OF INVESTMENTS (unaudited) (continued)
 December 31, 2013

(in thousands, except shares and warrants)

INVESTMENTS IN NON-CONTROLLED/

AFFILIATED

INVESTMENTS—8.1% (4)

CORPORATE DEBT—0.9%

SECURED DEBT—0.9%

1st Lien Secured Debt—0.9%

Aventine Renewable Energy Holdings, Inc., 15.00%

(12.00% Cash/3.00% PIK), 9/23/16

Aventine Renewable Energy Holdings, Inc., 10.50% Cash

or 15.00% PIK, 9/22/17

Aventine Renewable Energy Holdings, Inc., 25.00% PIK,

9/23/16

Total 1st Lien Secured Debt

TOTAL CORPORATE DEBT

STRUCTURED PRODUCTS AND OTHER—7.2%

Highbridge Loan Management 3-2014, Ltd, Class D

Notes, L+500, 1/18/25 †‡¢

Highbridge Loan Management 3-2014, Ltd, Class E

Notes, L+600, 1/18/25 †‡¢

Highbridge Loan Management 3-2014, Ltd, Subordinated

Notes, 1/18/25 †‡¢

Jamestown CLO I LTD, Subordinated

Notes, 11/5/24 ‡¢

MCF CLO I LLC, Class E Notes, L+575, 4/20/23 †‡¢

MCF CLO I LLC, Membership Interests ‡¢

MCF CLO III LLC, Class E Notes L+445, 1/20/24 †‡¢

MCF CLO III LLC, Membership Interests, 1/20/24 ‡¢

Slater Mill Loan Fund LP, LP Certificates ‡¢

TOTAL STRUCTURED PRODUCTS AND OTHER

EQUITY—0.0%

Common Equity/Interests—0.0%

Aventine Renewable Energy Holdings, Inc. **

Total Common Equity/Interests

Warrants—0.0%

Aventine Renewable Energy Holdings, Inc., Common **

Total Warrants

TOTAL EQUITY

| | Industry | Par Amount* | Cost | Fair Value (1) |
|---|--------------------------------|-----------------------|-----------|----------------|
| Aventine Renewable Energy Holdings, Inc., 15.00% (12.00% Cash/3.00% PIK), 9/23/16 | Chemicals | \$4,031 | \$3,915 | \$3,476 |
| Aventine Renewable Energy Holdings, Inc., 10.50% Cash or 15.00% PIK, 9/22/17 | Chemicals | 13,559 | 16,881 | 8,241 |
| Aventine Renewable Energy Holdings, Inc., 25.00% PIK, 9/23/16 | Chemicals | 5,126 | 5,126 | 5,126 |
| Total 1st Lien Secured Debt | | | \$25,922 | \$16,843 |
| TOTAL CORPORATE DEBT | | | \$25,922 | \$16,843 |
| Highbridge Loan Management 3-2014, Ltd, Class D Notes, L+500, 1/18/25 †‡¢ | Diversified Investment Vehicle | \$5,000 | \$4,633 | \$4,633 |
| Highbridge Loan Management 3-2014, Ltd, Class E Notes, L+600, 1/18/25 †‡¢ | Diversified Investment Vehicle | 2,485 | 2,261 | 2,261 |
| Highbridge Loan Management 3-2014, Ltd, Subordinated Notes, 1/18/25 †‡¢ | Diversified Investment Vehicle | 8,163 | 7,527 | 7,527 |
| Jamestown CLO I LTD, Subordinated Notes, 11/5/24 ‡¢ | Diversified Investment Vehicle | 15,075 | 12,384 | 13,599 |
| MCF CLO I LLC, Class E Notes, L+575, 4/20/23 †‡¢ | Diversified Investment Vehicle | 13,000 | 12,317 | 12,357 |
| MCF CLO I LLC, Membership Interests ‡¢ | Diversified Investment Vehicle | 38,918 | 38,320 | 40,280 |
| MCF CLO III LLC, Class E Notes L+445, 1/20/24 †‡¢ | Diversified Investment Vehicle | 12,750 | 11,325 | 11,325 |
| MCF CLO III LLC, Membership Interests, 1/20/24 ‡¢ | Diversified Investment Vehicle | 39,183 | 39,183 | 39,183 |
| Slater Mill Loan Fund LP, LP Certificates ‡¢ | Diversified Investment Vehicle | 8,375 | 6,359 | 7,405 |
| TOTAL STRUCTURED PRODUCTS AND OTHER | | | \$134,309 | \$138,570 |
| Aventine Renewable Energy Holdings, Inc. ** | Chemicals | Shares 262,036 | \$688 | \$92 |
| Total Common Equity/Interests | | | \$688 | \$92 |
| Aventine Renewable Energy Holdings, Inc., Common ** | Chemicals | Warrants 1,521,193 | \$3,995 | \$533 |
| Total Warrants | | | \$3,995 | \$533 |
| TOTAL EQUITY | | | \$4,683 | \$625 |

| | | |
|--|-----------|-----------|
| Total Investments in Non-Controlled/Affiliated Investments | \$164,914 | \$156,038 |
|--|-----------|-----------|

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS (unaudited) (continued)

December 31, 2013

(in thousands, except shares)

INVESTMENTS IN CONTROLLED

INVESTMENTS—19.9% (5)

CORPORATE DEBT—8.9%

SECURED DEBT—8.9%

1st Lien Secured Debt —8.4%

Merx Aviation Finance Holdings, LLC, (Revolver)

12.00%, 10/31/18

Total 1st Lien Secured Debt

| Industry | Par Amount* | Cost | Fair Value (1) |
|----------|-------------|------------|----------------|
| Aviation | \$ 161,834 | \$ 161,834 | \$ 161,834 |
| | | \$ 161,834 | \$ 161,834 |

Unfunded Revolver Obligation —0.0%

Merx Aviation Finance Holdings, LLC, (Revolver)

12.00%, 10/31/18

Total Unfunded Revolver Obligation

| | | | |
|----------|------------|-----|-----|
| Aviation | \$ 138,166 | \$— | \$— |
| | | \$— | \$— |

2nd Lien Secured Debt—0.5%

LVI Services, Inc., 12.50%, 3/6/18

Total 2nd Lien Secured Debt

TOTAL SECURED DEBT

TOTAL CORPORATE DEBT

| | | | |
|------------------------|-----------|------------|------------|
| Environmental Services | \$ 10,000 | \$ 9,836 | \$ 10,000 |
| | | \$ 9,836 | \$ 10,000 |
| | | \$ 171,670 | \$ 171,834 |
| | | \$ 171,670 | \$ 171,834 |

PREFERRED EQUITY—2.6%

Playpower Holdings, Inc., Series A, 14.00% PIK,

11/15/20

TOTAL PREFERRED EQUITY

| Shares | | | |
|---------|--------|-----------|-----------|
| Leisure | 49,178 | 49,178 | 49,178 |
| | | \$ 49,178 | \$ 49,178 |

EQUITY—8.4%

Common Equity/Interests—8.4%

Generation Brands Holdings, Inc. (Quality Home Brands) **

Generation Brands Holdings, Inc. Series H (Quality Home Brands) **

Generation Brands Holdings, Inc. Series 2L (Quality Home Brands) **

LVI Parent Corp. (LVI Services, Inc.) **

Merx Aviation Finance Holdings, LLC **

Playpower Holdings, Inc. **

Total Common Equity/Interests

| | | | |
|---|--------|------------|------------|
| Home and Office Furnishings and Durable Consumer Products | 9,007 | \$— | \$ 1,891 |
| Home and Office Furnishings and Durable Consumer Products | 7,500 | 2,297 | 1,575 |
| Home and Office Furnishings and Durable Consumer Products | 36,700 | 11,242 | 7,705 |
| Environmental Services | 14,981 | 16,096 | 33,483 |
| Aviation | 689 | 66,582 | 72,027 |
| Leisure | 1,000 | 77,722 | 45,987 |
| | | \$ 173,939 | \$ 162,668 |

| | | |
|---|-------------|--------------|
| TOTAL EQUITY | \$173,939 | \$162,668 |
| Total Investments in Controlled Investments | \$394,787 | \$383,680 |
| Total Investments—165.3% (6,7) | \$3,180,400 | \$3,183,611 |
| Liabilities in Excess of Other Assets—(65.4%) | | (1,258,272) |
| Net Assets—100.0% | | \$1,925,339 |

(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) Denominated in foreign currency. GS Prysman 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 Prysman Co-Invest L.P.
See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (unaudited) (continued)
December 31, 2013
(in thousands)

(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 December 31, 2013 along with transactions during the nine months ended December 31, 2013 in these Affiliated investments are as follows:

| Name of Issue | Fair Value at March 31, 2013 | Gross Additions (Cost)* | Gross Reductions (Cost)** | Change in Unrealized Gain (Loss) | Fair Value at December 31, 2013 | 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 | \$65 | \$— | \$(455) | \$ 3,476 | \$— | \$ 430 |
| Aventine Renewable Energy Holdings, Inc., 10.50% Cash or 15.00% PIK, 9/22/17 | 9,682 | 873 | — | (2,314) | 8,241 | — | 880 |
| Aventine Renewable Energy Holdings, Inc., 25.00% PIK, 9/23/16 | N/A | 5,126 | — | — | 5,126 | — | 638 |
| Aventine Renewable Energy Holdings, Inc. ** | 2,347 | — | (3,995) |) 1,740 | 92 | — | — |
| Aventine Renewable Energy Holdings, Inc., Common ** | N/A | 3,995 | — | (3,462) |) 533 | — | — |
| Highbridge Loan Management 3-2014, Ltd, Class D Notes, L+500, 1/18/25 ††¢ | N/A | 4,633 | — | — | 4,633 | — | — |
| Highbridge Loan Management 3-2014, Ltd, Class E Notes, L+600, 1/18/25 ††¢ | N/A | 2,261 | — | — | 2,261 | — | — |
| Highbridge Loan Management 3-2014, Ltd, Subordinated Notes, 1/18/25 ††¢ | N/A | 7,527 | — | — | 7,527 | — | — |
| Highbridge Loan, Ltd., Preference Shares**††¢ | 6,174 | 6,655 | (12,829) |)— | — | — | 1,518 |
| 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 | (34) |) (1,636) |) 1,701 | 13,599 | — | 1,313 |
| 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 | 39 | — | 45 | 12,357 | — | 646 |

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| | | | | | | | |
|---|-----------|----------|-----------|------------|-------------|-------|----------|
| MCF CLO I LLC, Membership Interests ‡¢ | 38,918 | — | (598 |) 1,960 | 40,280 | — | 5,981 |
| MCF CLO III LLC, Class E Notes L+445, 1/20/24 †‡¢ | N/A | 11,325 | — | — | 11,325 | — | — |
| MCF CLO III LLC, Membership Interests, 1/20/24 ‡¢ | N/A | 39,183 | — | — | 39,183 | — | — |
| Slater Mill Loan Fund LP, LP Certificates ‡¢ | 6,951 | — | (760 |) 1,214 | 7,405 | — | 760 |
| | \$141,569 | \$81,664 | \$(65,298 |) \$(1,897 |) \$156,038 | \$321 | \$18,258 |

* Gross additions includes increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the amortization of unearned income, 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.

** Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, 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, 2013, the Company has a 13%, 26%, 31%, 97%, 98%, and 26% equity ownership interest in Aventine Renewable Energy Holdings, Inc., Highbridge Loan Management, Ltd, Jamestown CLO I LTD, MCF CLO I LLC, MCFL CLO LLC 2013-3, and Slater Mill Loan Fund LP, respectively. Investments that the Company owns greater than 25% of the equity and are shown in “Non-Controlled/Affiliate” have governing documents that preclude the Company from controlling management of the entity and therefore the Company disclaims that the entity is a controlled affiliate.

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS (unaudited) (continued)

December 31, 2013

(in thousands)

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 (5) controlled companies, more than 25% of the outstanding voting securities of the investment. Fair value as of March 31, 2013 and December 31, 2013 along with transactions during the nine months ended December 31, 2013 in these Controlled investments are as follows:

| Name of Issue | Fair Value at March 31, 2013 | Gross Additions (Cost)* | Gross Reductions (Cost)** | Change in Unrealized Gain (Loss) | Fair Value at December 31, 2013 | Net Realized Gain (Loss) | Interest/Dividend/Other Income |
|---|------------------------------|-------------------------|---------------------------|----------------------------------|---------------------------------|--------------------------|--------------------------------|
| 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) ** | 432 | — | — | 1,459 | 1,891 | — | — |
| Generation Brands Holdings, Inc. Series H (Quality Home Brands) ** | 360 | — | — | 1,215 | 1,575 | — | — |
| Generation Brands Holdings, Inc. Series 2L (Quality Home Brands) ** | 1,760 | — | — | 5,945 | 7,705 | — | — |
| LVI Services, Inc., 12.50%, 3/6/18 | 10,000 | 21 | — | (21) | 10,000 | — | 1,075 |
| LVI Parent Corp. (LVI Services, Inc.) ** | 30,575 | — | — | 2,908 | 33,483 | — | — |
| 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 |

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| | | | | | | | |
|--|-----------|-----------|-------------|----------|-----------|-----------|----------|
| Merx Aviation Finance Holdings, LLC, 12.00%, 10/28/21 | N/A | 31,150 | (31,150 |)— | — | — | 154 |
| Merx Aviation Finance Holdings, LLC, (Revolver) 12.00%, 10/31/18 | N/A | 161,834 | — | — | 161,834 | — | 2,660 |
| Merx Aviation Finance Holdings, LLC ** | 33,820 | 35,120 | (2,358 |)5,445 | 72,027 | — | — |
| Playpower Holdings, Inc., 14.00% PIK, 12/15/15 † | 24,173 | 2,293 | (27,577 |)1,111 | — | 430 | 2,271 |
| Playpower, Inc., 12.50% PIK, 12/31/15 † | 18,458 | 1,713 | (20,551 |)380 | — | 849 | 1,686 |
| Playpower Holdings, Inc., Series A, 14.00% PIK, 11/15/20 | N/A | 49,178 | — | — | 49,178 | — | 868 |
| Playpower Holdings, Inc. ** | 38,157 | — | — | 7,830 | 45,987 | — | 375 |
| | \$310,418 | \$338,396 | \$(288,812) | \$23,678 | \$383,680 | \$(1,059) | \$20,006 |

* Gross additions includes increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the amortization of unearned income, 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.

** Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, 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, 2013, the Company has a 28%, 32%, 100%, and 100% equity ownership interest in Generation Brands Holdings, Inc., LVI Parent Corp., Merx Aviation Financing Holdings, LLC, and Playpower Holdings, Inc., respectively.

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (unaudited) (continued)
December 31, 2013
(in thousands)

Aggregate gross unrealized appreciation for federal income tax purposes is \$120,105; aggregate gross unrealized (6) depreciation for federal income tax purposes is \$227,958. Net unrealized depreciation is \$107,854 based on a tax cost of \$3,291,464.

(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 being valued below par.

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

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

**Non-income producing security

***Non-accrual status (see Note 2d)

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.

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.

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.

Denotes investments where the governing documents of the entity preclude the Company from controlling management of the entity and accordingly the Company disclaims that the entity is a controlled affiliate.

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
 SCHEDULE OF INVESTMENTS (unaudited) (continued)
 December 31, 2013
 (in thousands)

| Industry Classification | Percentage of Total Investments (at fair value) as of December 31, 2013 |
|---|--|
| Business Services | 14.1% |
| Oil and Gas | 12.9% |
| Financial Services | 8.8% |
| Healthcare | 8.2% |
| Aviation | 7.3% |
| Diversified Investment Vehicle | 6.7% |
| Diversified Service | 4.9% |
| Chemicals | 3.9% |
| Telecommunications | 3.3% |
| Distribution | 3.2% |
| Leisure | 3.0% |
| Environmental Services | 2.8% |
| Insurance | 2.6% |
| Containers, Packaging and Glass | 1.8% |
| Transportation | 1.6% |
| Diversified Natural Resources, Precious Metals and Minerals | 1.6% |
| Energy | 1.4% |
| Manufacturing | 1.3% |
| Education | 1.2% |
| Restaurants | 1.1% |
| Hotels, Motels, Inns and Gaming | 1.1% |
| Retail | 1.0% |
| Packaging | 0.9% |
| Mining | 0.9% |
| Media | 0.8% |
| Cargo Transport | 0.7% |
| Consumer Products | 0.5% |
| Printing & Publishing | 0.5% |
| Beverage, Food, and Tobacco | 0.5% |
| Home and Office Furnishings and Durable Consumer Products | 0.4% |
| Broadcasting & Entertainment | 0.3% |
| Aerospace and Defense | 0.3% |
| Grocery | 0.2% |
| Electronics | 0.2% |
| Total Investments | 100.0% |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS

March 31, 2013

(in thousands)

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED

INVESTMENTS — 143.9%

CORPORATE DEBT—138.7%

SECURED DEBT—68.8%

1st Lien Secured Debt—22.2%

| | Industry | Par Amount* | Cost | Fair Value (1) |
|--|---|-------------|-----------|----------------|
| Amaya Gaming Group, Inc., L+775, 11/5/15 | Hotels, Motels, Inns and Gaming | \$ 14,813 | \$ 14,617 | \$ 14,813 |
| ATI Acquisition Company, P+1400 (P+10.00% Cash/4.00% PIK), 6/30/12 *** † | Education | 4,676 | 3,895 | 500 |
| ATI Acquisition Company, P+900 (P+5.00% Cash/4.00% PIK), 12/30/14 *** † | Education | 15,491 | 12,596 | — |
| Aventine Renewable Energy Holdings, Inc., 12.00%, 9/24/16 † | Chemicals | 3,966 | 3,850 | 3,866 |
| Aventine Renewable Energy Holdings, Inc., 10.50% Cash or 15.00% PIK, 9/24/17 † | Chemicals | 12,102 | 16,007 | 9,682 |
| Aveta, Inc., L+825, 12/12/17 | Healthcare | 69,594 | 67,607 | 69,985 |
| Dark Castle Holdings, LLC, L+225, 3/25/13 | Media | 34,777 | 11,061 | 13,260 |
| Delta Educational Systems, Inc., 16.00% (8.00% Cash/8.00% PIK), 12/11/16 | Education | 5,018 | 5,018 | 5,018 |
| Endeavour International, 12.00%, 3/1/18 ‡ | Oil and Gas Containers, Packaging, and Glass | 14,993 | 14,471 | 14,421 |
| Evergreen Tank Solutions, Inc., L+800, 9/28/18 | Packaging, and Glass | 31,600 | 31,004 | 31,580 |
| Garden Fresh Restaurant Corp., L+525 (L+475 Cash/0.50% PIK), 6/11/13 † | Restaurants | 2,503 | 2,503 | 2,503 |
| Garden Fresh Restaurant Corp., L+625 (L+575 Cash/0.50% PIK), 6/11/13 † | Restaurants | 2,503 | 2,481 | 2,503 |
| Miller Energy Resources, Inc., 18.00% (15.00% Cash/3.00% PIK Option), 6/29/17 | Oil and Gas | 45,307 | 45,307 | 45,307 |
| Molycorp Inc., 10.00%, 6/1/20 ‡ | Diversified Natural Resources, Precious Metals & Minerals | 5,158 | 4,990 | 5,123 |
| Nara Cable Funding Limited, 8.875%, 12/1/18 †‡ | Broadcasting & Entertainment | 6,284 | 5,424 | 6,497 |
| Osage Exploration & Development, Inc., L+1500, 4/27/15 ‡ | Oil and Gas | 7,000 | 6,872 | 7,000 |
| Panda Sherman Power, LLC, L+750, 9/14/18 | Energy | 15,000 | 14,790 | 15,338 |
| Panda Temple Power, LLC, L+1000, 7/18/18 | Energy | 25,500 | 25,031 | 26,233 |
| Pelican Energy, LLC, 10.00% (7.00% Cash/3.00% PIK), 12/31/18 ‡ | Oil and Gas | 8,371 | 8,176 | 8,539 |
| Penton Media, Inc., L+400 (L+300 Cash/2.00% PIK), 8/1/14 | Printing & Publishing | 29,923 | 27,404 | 28,876 |
| | Oil and Gas | 24,003 | 23,200 | 22,983 |

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Spotted Hawk Development LLC, 14.00% (13.00%

Cash/1.00% PIK), 6/30/16 ‡

Sunrun Solar Owner IX, LLC, 9.079%, 12/31/24

Energy

1,103

1,053

1,103

Texas Competitive Electric Holdings, 11.50%,

Utilities

50,000

49,693

37,656

10/1/20 t .

Total 1st Lien Secured Debt

\$397,050

\$372,786

See notes to financial statements.

Table of ContentsAPOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (continued)

March 31, 2013

(in thousands)

INVESTMENTS IN

NON-CONTROLLED/NON-AFFILIATED

INVESTMENTS—143.9%

2nd Lien Secured Debt—46.6%

AI Chem & Cy US AcquiCo, Inc. (Monarch)

L+700, 3/20/20 ‡×

Allied Security Holdings, LLC, L+825, 2/2/18

Ardent Medical Services, Inc, L+950, 7/2/19

Avaya Inc., 10.5%, 3/1/21 t.

Brock Holdings III, Inc., L+825, 3/16/18

Cengage Learning Acquisitions Inc., 12.00%,
6/30/19 ***

Clean Earth, Inc., 13.00%, 8/1/14

Confie Seguros II, L+900, 5/8/19

EZE Software Group LLC, L+750 3/14/21 ×

Garden Fresh Restaurant Corp., L+1175 (L+975

Cash/2.00% PIK), 12/11/13

GCA Services Group, Inc., L+800, 10/31/20

Grocery Outlet Inc., L+925, 6/17/19

Healogics Inc., L+800, 2/5/20

Insight Pharmaceuticals, LLC., L+1175, 8/25/17

IPC Systems, Inc., L+525, 5/31/15

Kronos, Inc., L+850, 4/26/20

Ozburn-Hessey Holding Company LLC,

L+950, 10/11/16

PH Holdings LLC, 9.75%, 12/31/17

Ranpak Corp., L+750, 10/20/17 †

Ranpak Corp., E+775, 10/20/17 †

Sedgwick Holdings, Inc., L+750, 5/28/17

SESAC International LLC, L+875, 8/8/19

Smart & Final Stores LLC, L+925, 11/8/20

SquareTwo Financial Corp. (Collect America, Ltd.),

11.625%, 4/1/17 ‡

TransFirst Holdings Inc., L+975, 6/27/18

U.S. Renal Care, Inc., L+900, 1/3/20

Valerus Compression Services, LP, 11.50%, 3/26/18

Vertafore, Inc., L+825, 10/29/17

Total 2nd Lien Secured Debt

TOTAL SECURED DEBT

See notes to financial statements.

| | Industry | Par Amount* | Cost | Fair Value (1) |
|---|--|----------------|-------------|-------------------|
| AI Chem & Cy US AcquiCo, Inc. (Monarch) L+700, 3/20/20 ‡× | Chemicals | \$10,000 | \$9,950 | \$10,263 |
| Allied Security Holdings, LLC, L+825, 2/2/18 | Business Services | 31,000 | 30,764 | 31,194 |
| Ardent Medical Services, Inc, L+950, 7/2/19 | Healthcare | 20,000 | 19,515 | 20,500 |
| Avaya Inc., 10.5%, 3/1/21 t. | Telecommunications | 16,577 | 15,835 | 15,824 |
| Brock Holdings III, Inc., L+825, 3/16/18 | Environmental & Facilities Services | 27,000 | 26,579 | 27,439 |
| Cengage Learning Acquisitions Inc., 12.00%, 6/30/19 *** | Education | 69,597 | 59,918 | 15,659 |
| Clean Earth, Inc., 13.00%, 8/1/14 | Environmental Services | 25,000 | 25,000 | 25,000 |
| Confie Seguros II, L+900, 5/8/19 | Insurance | 15,000 | 14,711 | 15,375 |
| EZE Software Group LLC, L+750 3/14/21 × | Business Services | 6,132 | 6,071 | 6,270 |
| Garden Fresh Restaurant Corp., L+1175 (L+975 Cash/2.00% PIK), 12/11/13 | Restaurants | 47,075 | 47,790 | 32,952 |
| GCA Services Group, Inc., L+800, 10/31/20 | Diversified Service | 19,547 | 19,358 | 19,596 |
| Grocery Outlet Inc., L+925, 6/17/19 | Grocery | 10,500 | 10,296 | 10,539 |
| Healogics Inc., L+800, 2/5/20 | Healthcare | 5,000 | 4,951 | 5,181 |
| Insight Pharmaceuticals, LLC., L+1175, 8/25/17 | Consumer Products | 15,448 | 15,199 | 15,603 |
| IPC Systems, Inc., L+525, 5/31/15 | Telecommunications | 44,250 | 42,752 | 39,604 |
| Kronos, Inc., L+850, 4/26/20 | Business Services | 56,358 | 55,269 | 59,035 |
| Ozburn-Hessey Holding Company LLC, L+950, 10/11/16 | Transportation | 25,333 | 25,309 | 24,320 |
| PH Holdings LLC, 9.75%, 12/31/17 | Homebuilding | 20,000 | 19,631 | 20,800 |
| Ranpak Corp., L+750, 10/20/17 † | Packaging | 85,000 | 85,000 | 85,000 |
| Ranpak Corp., E+775, 10/20/17 † | Packaging | €40,000 | 58,042 | 51,364 |
| Sedgwick Holdings, Inc., L+750, 5/28/17 | Business Services | \$15,225 | 15,072 | 15,453 |
| SESAC International LLC, L+875, 8/8/19 | Broadcasting & Entertainment | 4,500 | 4,433 | 4,613 |
| Smart & Final Stores LLC, L+925, 11/8/20 | Grocery | 17,260 | 16,756 | 17,929 |
| SquareTwo Financial Corp. (Collect America, Ltd.), 11.625%, 4/1/17 ‡ | Financial Services | 51,079 | 49,432 | 52,037 |
| TransFirst Holdings Inc., L+975, 6/27/18 | Financial Services | 61,250 | 59,476 | 62,858 |
| U.S. Renal Care, Inc., L+900, 1/3/20 | Healthcare | 4,910 | 4,818 | 5,008 |
| Valerus Compression Services, LP, 11.50%, 3/26/18 | Manufacturing | 40,000 | 40,000 | 41,200 |
| Vertafore, Inc., L+825, 10/29/17 | Oil and Gas | 49,260 | 48,901 | 50,615 |
| Total 2nd Lien Secured Debt | | | \$830,828 | \$781,231 |
| TOTAL SECURED DEBT | | | \$1,227,878 | \$1,154,017 |

Table of ContentsAPOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (continued)

March 31, 2013

(in thousands)

INVESTMENTS IN NON-CONTROLLED/NON-
AFFILIATED

INVESTMENTS — 143.9%

UNSECURED DEBT—69.9%

| | Industry | Par Amount* | Cost | Fair Value (1) |
|--|------------------------------|-------------|----------|----------------|
| Advantage Sales & Marketing, Inc., 13.00%, 12/31/18 | Grocery | \$25,000 | \$25,000 | \$25,000 |
| Altegrity, Inc., 0.00%, 8/2/16 t† | Diversified Service | 3,545 | 2,358 | 1,524 |
| Altegrity, Inc., 11.75%, 5/1/16 t† | Diversified Service | 14,639 | 11,885 | 10,394 |
| Altegrity, Inc., 12.00%, 11/1/15 t† | Diversified Service | 100,000 | 100,000 | 89,000 |
| American Tire Distributors, Inc., 11.50%, 6/1/18 t. | Distribution | 25,000 | 25,000 | 26,300 |
| Angelica Corporation, 15.00% (12.00% Cash/3.00% PIK), 10/15/16 | Healthcare | 46,284 | 46,284 | 47,210 |
| ATI Acquisition Company, P+1400 (P+10.00% Cash/4.00% PIK), 12/30/15 *** | Education | 45,153 | 37,867 | — |
| BCA Osprey II Limited (British Car Auctions), 12.50% PIK, 8/17/17 ‡ | Transportation | £25,609 | 40,643 | 36,359 |
| BCA Osprey II Limited (British Car Auctions), 12.50% PIK, 8/17/17 ‡ | Transportation | €15,528 | 21,507 | 18,643 |
| Ceridian Corp., 12.25% Cash or 13.00% PIK, 11/15/15 † | Diversified Service | \$80,950 | 80,892 | 83,803 |
| Ceridian Corp., 11.25%, 11/15/15 † | Diversified Service | 35,800 | 35,812 | 37,023 |
| Ceridian Corp., 11.00%, 3/15/21 t† | Diversified Service | 67,500 | 67,500 | 72,731 |
| Delta Educational Systems, Inc., 16.00% (10.00% Cash/6.00% PIK), 5/12/17 | Education | 20,430 | 20,024 | 19,143 |
| Denver Parent (Venoco, Inc.), 18.00%, 10/3/15 t. | Oil and Gas | 20,000 | 20,000 | 23,400 |
| Exova Limited, 10.50%, 10/15/18 t ‡ † | Business Services | £10,000 | 16,013 | 16,627 |
| Exova Limited, 10.50%, 10/15/18 ‡ † | Business Services | £12,655 | 17,116 | 21,041 |
| First Data Corporation, 11.25%, 1/15/21 t † | Financial Services | \$67,000 | 66,975 | 69,868 |
| First Data Corporation, 10.625% 6/15/21 †× | Financial Services | 10,000 | 10,000 | 10,150 |
| Intelsat Bermuda Ltd., 11.25%, 2/4/17 ‡ | Broadcasting & Entertainment | 44,000 | 45,153 | 46,877 |
| Intelsat Bermuda Ltd., 11.50% Cash or 12.50% PIK, 2/4/17 t‡ | Broadcasting & Entertainment | 20,000 | 20,035 | 21,250 |
| Inventive Health, Inc., 11.00%, 8/15/18 t. | Healthcare | 160,000 | 160,000 | 139,200 |
| Laureate Education, Inc., 12.75%, 8/15/17 t ‡ | Education | 53,540 | 55,012 | 57,823 |
| Lonestar Intermediate Super Holdings (Asurion), LLC, L+950, 9/2/19 | Insurance | 41,922 | 41,776 | 45,223 |
| Niacet Corp., 13.00%, 8/28/18 | Chemicals | 12,500 | 12,500 | 12,500 |
| SeaCube Container Leasing Ltd., 11.00%, 4/28/16 ‡ | Transportation | 50,000 | 50,000 | 51,500 |
| Univar Inc., 10.50%, 6/30/18 | Distribution | 20,000 | 20,000 | 20,000 |
| | Business Services | 135,000 | 135,000 | 139,455 |

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U.S. Security Associates Holdings, Inc.,
11.00%, 7/28/18

| | | | | |
|--|--------------|----------|-------------|-------------|
| Varietal Distribution, 10.75%, 6/30/17 t † | Distribution | €5,187 | 6,385 | 6,994 |
| Varietal Distribution, 10.75%, 6/30/17 t † | Distribution | \$22,204 | 21,837 | 23,328 |
| TOTAL UNSECURED DEBT | | | \$1,212,574 | \$1,172,366 |
| TOTAL CORPORATE DEBT | | | \$2,440,452 | \$2,326,383 |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (continued)
March 31, 2013

(in thousands, except shares)

INVESTMENTS IN NON-CONTROLLED/NON-
AFFILIATED

INVESTMENTS — 143.9%

STRUCTURED PRODUCTS AND OTHER—0.6%

Westbrook CLO Ltd., Series 2006-1A Class E,
L+370, 12/20/20 t‡

TOTAL STRUCTURED PRODUCTS AND
OTHER

PREFERRED EQUITY—0.7%

CA Holding, Inc. (Collect America, Ltd.),
Series A ** ‡

Gryphon Colleges Corporation (Delta Educational
Systems, Inc.), 13.50% PIK, ***

Gryphon Colleges Corporation (Delta Educational
Systems, Inc.), 12.50% PIK, (Convertible) ***

Varietal Distribution Holdings, LLC, Class A,
8.00% PIK

TOTAL PREFERRED EQUITY

EQUITY—3.9%

Common Equity/Interests—3.4%

Accelerate Parent Corp. (American Tire
Distributors) **

AHC Mezzanine LLC (Advanstar) **

Altegrity Holding Corp. **

Aventine Renewable Energy Holdings, Inc. **

CA Holding, Inc. (Collect America, Ltd.)
Series A ** ‡

CA Holding, Inc. (Collect America, Ltd.)
Series AA ** ‡

Clothesline Holdings, Inc. (Angelica
Corporation) **

Explorer Coinvest LLC (Booz Allen) ** ‡

Garden Fresh Restaurant Holding, LLC **

Gryphon Colleges Corporation (Delta Educational
Systems, Inc.) **

GS Pysmian Co-Invest L.P. (Pysmian Cables &
Systems) (2,3) ** ‡

JV Note Holdco LLC (DSI Renal Inc.) **

Pelican Energy, LLC ** ‡

Penton Business Media Holdings, LLC **

RC Coinvestment, LLC (Ranpak Corp.) **

| Industry | Par Amount* | Cost | Fair Value (1) |
|--------------------------------|-------------|-----------|----------------|
| Diversified Investment Vehicle | \$ 11,000 | \$ 7,367 | \$ 9,625 |
| | | \$ 7,367 | \$ 9,625 |
| | Shares | | |
| Financial Services | 7,961 | \$ 788 | \$ 1,592 |
| Education | 12,360 | 27,685 | 7,208 |
| Education | 332,500 | 6,863 | — |
| Distribution | 3,097 | 4,885 | 2,750 |
| | | \$ 40,221 | \$ 11,550 |
| Distribution | 3,125,000 | \$ 3,125 | \$ 4,160 |
| Media | — | 1,063 | 242 |
| Diversified Service | 353,399 | 13,797 | 1,111 |
| Chemicals | 262,036 | 4,684 | 2,347 |
| Financial Services | 25,000 | 2,500 | 2,498 |
| Financial Services | 4,294 | 429 | 859 |
| Healthcare | 6,000 | 6,000 | 3,059 |
| Business Services | 430 | 3,322 | 5,319 |
| Restaurants | 50,000 | 5,000 | — |
| Education | 17,500 | 175 | — |
| Manufacturing | — | — | 123 |
| Healthcare | 9,303 | 85 | 91 |
| Oil and Gas | — | 138 | 146 |
| Printing & Publishing | 124 | 4,950 | 15,778 |
| Packaging | 50,000 | 5,000 | 8,233 |
| Consumer Products | 454,828 | 45 | 1,990 |

Sorenson Communications Holdings,
 LLC Class A **

Univar Inc.**

Varietal Distribution Holdings, LLC Class A **

Total Common Equity/Interests

Distribution

Distribution

900,000

28,028

9,000

28

\$59,341

11,520

—

\$57,476

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (continued)
March 31, 2013

(in thousands, except warrants)

INVESTMENTS IN

| NON-CONTROLLED/NON-AFFILIATED INVESTMENTS—143.9% | Industry | Warrants | Cost | Fair Value (1) |
|--|--------------------|-----------|-------------|----------------|
| Warrants—0.5% | | | | |
| CA Holding, Inc. (Collect America, Ltd.), Common ** ‡ | Financial Services | 7,961 | \$8 | — |
| Fidji Luxco (BC) S.C.A., Common (FCI)(2) ** ‡ | Electronics | 24,862 | 250 | \$5,788 |
| Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Common ** | Education | 9,820 | 98 | — |
| Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Class A-1 Preferred ** | Education | 45,947 | 459 | — |
| Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Class B-1 Preferred ** | Education | 104,314 | 1,043 | — |
| Osage Exploration & Development, Inc. ** ‡ | Oil and Gas | 1,496,843 | — | 1,841 |
| Spotted Hawk Development LLC, Common ** ‡ | Oil and Gas | 54,545 | 852 | 1,644 |
| Total Warrants | | | \$2,710 | \$9,273 |
| TOTAL EQUITY | | | \$62,051 | \$66,749 |
| Total Investments in Non-Controlled/ Non-Affiliated Investments | | | \$2,550,091 | \$2,414,307 |

INVESTMENTS IN

| NON-CONTROLLED/AFFILIATED INVESTMENTS—7.5% (4) | Industry | Par Amount* | Cost | Fair Value (1) |
|--|--------------------------------|-------------|-----------|----------------|
| STRUCTURED PRODUCTS AND OTHER—7.5% | | | | |
| Highbridge Loan, Ltd., Preference Shares ** ‡ ¢ | Diversified Investment Vehicle | \$6,174 | \$6,174 | \$6,174 |
| Jamestown CLO I LTD, Subordinated Notes, 11/5/24 ‡ † ¢ | Diversified Investment Vehicle | 15,075 | 14,053 | 13,568 |
| Jamestown CLO I LTD, Class D L+550, 11/5/24 ‡ † ¢ | Diversified Investment Vehicle | 3,800 | 3,373 | 3,537 |
| Jamestown CLO I LTD, Class C L+400, 11/5/24 ‡ † ¢ | Diversified Investment Vehicle | 1,120 | 1,024 | 1,109 |
| Kirkwood Fund II LLC, Common Interest ‡ ¢ | Diversified Investment Vehicle | — | 41,067 | 43,144 |
| MCF CLO I LLC, Membership Interests ‡ ¢ | Diversified Investment Vehicle | 38,918 | 38,918 | 38,918 |
| MCF CLO I LLC, Class E Notes L+575, 4/20/23 ‡ † ¢ | Diversified Investment Vehicle | 13,000 | 12,278 | 12,273 |
| Slater Mill Loan Fund LTD, Preference Shares ‡ ¢ | Diversified Investment Vehicle | 8,375 | 7,119 | 6,951 |
| TOTAL STRUCTURED PRODUCTS AND OTHER | | | \$124,006 | \$125,674 |
| Total Investments in Non-Controlled/ Affiliated Investments | | | \$124,006 | \$125,674 |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (continued)
March 31, 2013

(in thousands, except shares)

| INVESTMENTS IN CONTROLLED INVESTMENTS—18.5% (5) | Industry | Par Amount* | Cost | Fair Value (1) |
|---|---|-------------|-----------|----------------|
| CORPORATE DEBT—9.2% | | | | |
| SECURED DEBT—6.7% | | | | |
| 1st Lien Secured Debt—6.1% | | | | |
| Merx Aviation Finance Holdings, LLC, 12.00%, 1/9/21 | Aviation | \$92,000 | \$92,000 | \$92,000 |
| Merx Aviation Finance Holdings, LLC, 12.00%, 2/1/21 | Aviation | 5,303 | 5,303 | 5,303 |
| Merx Aviation Finance Holdings, LLC, 12.00% 3/28/21 | Aviation | 4,684 | 4,684 | 4,684 |
| Total 1st Lien Secured Debt | | | \$101,987 | \$101,987 |
| 2nd Lien Secured Debt—0.6% | | | | |
| LVI Services, Inc., 12.50%, 3/6/2018 | Environmental Services | \$10,000 | \$9,815 | \$10,000 |
| Total 2nd Lien Secured Debt | | | \$9,815 | \$10,000 |
| TOTAL SECURED DEBT | | | \$111,802 | \$111,987 |
| UNSECURED DEBT—2.5% | | | | |
| Playpower Holdings Inc., 14.00% PIK, 12/15/15 | Leisure | €19,064 | \$25,285 | \$24,173 |
| Playpower, Inc., 12.50% PIK, 12/31/15 | Leisure | £12,310 | 18,838 | 18,458 |
| TOTAL UNSECURED DEBT | | | \$44,123 | \$42,631 |
| TOTAL CORPORATE DEBT | | | \$155,925 | \$154,618 |
| STRUCTURED PRODUCTS AND OTHER—3.0% | | | | |
| AIC Credit Opportunity Fund LLC (6) | Diversified Investment Vehicle | — | \$48,102 | \$50,696 |
| TOTAL STRUCTURED PRODUCTS AND OTHER | | | \$48,102 | \$50,696 |
| EQUITY—6.3% | | | | |
| Common Equity/Interests—6.3% | | Shares | | |
| Generation Brands Holdings, Inc. (Quality Home Brands) ** | Home and Office Furnishings and Durable Consumer Products | 9,007 | — | \$432 |
| Generation Brands Holdings, Inc. Series H (Quality Home Brands) ** | Home and Office Furnishings and Durable Consumer Products | 7,500 | \$2,297 | 360 |
| Generation Brands Holdings, Inc. Series 2L (Quality Home Brands) ** | Home and Office Furnishings and Durable Consumer Products | 36,700 | 11,242 | 1,760 |
| LVI Parent Corp. (LVI Services, Inc.) ** | Environmental & Facilities Services | 14,981 | 16,096 | 30,575 |
| Merx Aviation Finance Holdings, LLC ** | Aviation | — | 33,820 | 33,820 |
| Playpower Holdings Inc. ** | Leisure | 1,000 | 77,722 | 38,157 |

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| | | |
|---|-------------|--------------|
| Total Common Equity/Interests | \$141,177 | \$105,104 |
| TOTAL EQUITY | \$141,177 | \$105,104 |
| Total Investments in Controlled Investments | \$345,204 | \$310,418 |
| Total Investments—169.9%(7,8) | \$3,019,301 | \$2,850,399 |
| Liabilities in Excess of Other Assets—(69.9%) | | (1,173,010) |
| Net Assets—100.0% | | \$1,677,389 |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (continued)
March 31, 2013
(in thousands)

(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) Denominated in foreign currency as indicated.

(3) The Company is the sole Limited Partner in GS Prysman 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, 2012 and March 31, 2013 along with transactions during the fiscal year ended March 31, 2013 in these Affiliated investments are as follows:

| Name of Issuer | Fair Value at March 31, 2012 | Gross Additions (Cost)* | Gross Reductions (Cost)** | Change in Unrealized Gain (Loss) | Fair Value at March 31, 2013 | Net Realized Gain (Loss) | Interest/Dividend/Other Income |
|---|------------------------------|-------------------------|---------------------------|----------------------------------|------------------------------|--------------------------|--------------------------------|
| Highbridge Loan, Ltd., Preference Shares ** ‡ | N/A | \$6,174 | \$— | \$— | \$6,174 | \$— | \$ — |
| Jamestown CLO I LTD, Subordinated Notes, 11/5/24 ‡† | N/A | 14,053 | — | (485 |) 13,568 | — | 34 |
| Jamestown CLO I LTD, Class D L+550, 11/5/24 ‡† | N/A | 3,373 | — | 164 | 3,537 | — | 101 |
| Jamestown CLO I LTD, Class C L+400, 11/5/24 ‡† | N/A | 1,024 | — | 85 | 1,109 | — | 23 |
| Kirkwood Fund II LLC, Common Interest ‡ | N/A | 41,067 | — | 2,077 | 43,144 | — | — |
| MCF CLO I LLC, Membership Interests ‡ | N/A | 40,385 | (1,467 |)— | 38,918 | — | 5,896 |
| MCF CLO I LLC, Class E Notes L+575, 4/20/23 ‡† | N/A | 12,278 | — | (5 |) 12,273 | — | 84 |
| Slater Mill Loan Fund LTD, Preference Shares ‡ | N/A | 7,370 | (251 |) (168 |) 6,951 | — | 929 |
| | N/A | \$125,724 | \$(1,718 |) \$1,668 | \$ 125,674 | \$— | \$ 7,067 |

* Gross additions includes increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the amortization of unearned income, 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.

** Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, 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.

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (continued)

March 31, 2013

(in thousands)

As of March 31, 2013, the Company has a 32%, 31%, 98%, 97%, and 26% equity ownership interest in Highbridge Loan, Ltd, Jamestown CLO I Ltd, Kirkwood Fund II LLC, MCF CLO I LLC, and Slater Mill Loan Fund LP, respectively. Investments that the Company owns greater than 25% of the equity and are shown in “Non-Control/Affiliate” have governing documents that preclude the Company from controlling management of the entity and therefore the Company disclaims that the entity is a controlled affiliate.

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 (5) controlled companies, more than 25% of the outstanding voting securities of the investment. Fair value as of March 31, 2012 and March 31, 2013 along with transactions during the fiscal year ended March 31, 2013 in these Controlled investments are as follows:

| Name of Issuer | Fair Value at March 31, 2012 | Gross Additions (Cost)* | Gross Reductions (Cost)** | Change in Unrealized Gain (Loss) | Fair Value at March 31, 2013 | Net Realized Gain (Loss) | Interest/Dividend/Other Income |
|--|------------------------------|-------------------------|---------------------------|----------------------------------|------------------------------|--------------------------|--------------------------------|
| AIC Credit Opportunity Fund LLC Common Equity | \$56,034 | \$575 | \$(15,503) | \$9,590 | \$50,696 | \$2,964 | \$ 7,422 |
| Generation Brands Holdings, Inc. (Quality Home Brands) Common Equity | 130 | — | — | 302 | 432 | — | — |
| Generation Brands Holdings, Inc. (Quality Home Brands) Series H Common Equity | 1,300 | — | — | (940) |)360 | — | — |
| Generation Brands Holdings, Inc. (Quality Home Brands) Series 2L Common Equity | 7,793 | — | — | (6,033) |)1,760 | — | — |
| LVI Services, Inc., 12.50%, 3/6/18 | N/A | 9,815 | — | 185 | 10,000 | — | 916 |
| LVI Parent Corp. Common Equity | 21,504 | — | — | 9,071 | 30,575 | — | — |
| Merx Aviation Finance Holdings, LLC, 12.00%, 1/9/21 | N/A | 92,000 | — | — | 92,000 | — | 2,480 |
| Merx Aviation Finance Holdings, LLC, 12.00%, 2/1/21 | N/A | 5,303 | — | — | 5,303 | — | 103 |
| Merx Aviation Finance Holdings, LLC, 12.00% 3/28/21 | N/A | 4,684 | — | — | 4,684 | — | 6 |
| Merx Aviation Finance Holdings, LLC Equity Interest | N/A | 33,820 | — | — | 33,820 | — | — |
| Playpower Holdings, Inc., 14.00% PIK | 21,576 | 3,155 | — | (558) |)24,173 | — | 3,154 |
| Playpower, Inc., 12.50% PIK | 16,960 | 2,470 | — | (972) |)18,458 | — | 2,469 |

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| | | | | | | | |
|--|-----------|-----------|------------|------------|-----------|---------|----------|
| Playpower Holdings Inc. Common Equity | 61,111 | — | — | (22,954) | 38,157 | — | — |
| | \$186,408 | \$151,822 | \$(15,503) | \$(12,309) | \$310,418 | \$2,964 | \$16,550 |

* Gross additions includes increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the amortization of unearned income, 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.

** Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, 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, 2013, the Company has a 100%, 32%, 32%, 100%, and 100%, equity ownership interest in AIC Credit Opportunity Fund LLC, Generation Brands Holdings, Inc., LVI Parent Corp., Merx Aviation Financing Holdings LLC, and Playpower Holdings Inc., respectively.

(6) See Note 6.

Aggregate gross unrealized appreciation for federal income tax purposes is \$127,303; aggregate gross unrealized depreciation for federal income tax purposes is \$396,790. Net unrealized depreciation is \$269,487 based on a tax cost of \$3,119,886.

(8) 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.

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.

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

** Non-income producing security

*** Non-accrual status (see Note 2d)

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.

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.

× Denotes a "when issued" security that settled after March 31, 2013.

¢ Denotes investments where the governing documents of the entity preclude the Company from controlling management of the entity and accordingly the Company disclaims that the entity is a controlled affiliate.

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
 SCHEDULE OF INVESTMENTS (continued)
 March 31, 2013
 (in thousands)

| Industry Classification | Percentage of Total Investments (at fair value) as of March 31, 2013 |
|---|---|
| Diversified Service | 11.1% |
| Business Services | 10.3% |
| Healthcare | 10.2% |
| Financial Services | 7.0% |
| Diversified Investment Vehicle | 6.5% |
| Oil & Gas | 6.2% |
| Packaging | 5.1% |
| Aviation | 4.8% |
| Transportation | 4.6% |
| Education | 3.7% |
| Distribution | 3.3% |
| Environmental Services | 3.3% |
| Leisure | 2.8% |
| Broadcasting & Entertainment | 2.8% |
| Insurance | 2.1% |
| Telecommunications | 1.9% |
| Grocery | 1.9% |
| Printing & Publishing | 1.6% |
| Energy | 1.5% |
| Manufacturing | 1.4% |
| Chemicals | 1.4% |
| Restaurants | 1.3% |
| Utilities | 1.3% |
| Containers, Packaging and Glass | 1.1% |
| Homebuilding | 0.7% |
| Consumer Products | 0.6% |
| Hotels, Motels, Inns, and Gaming | 0.5% |
| Media | 0.5% |
| Electronics | 0.2% |
| Diversified Natural Resources, Precious Metals and Minerals | 0.2% |
| Home and Office Furnishings and Durable Consumer Products | 0.1% |
| Total Investments | 100.0% |
| See notes to financial statements. | |

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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 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 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. 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 receiving 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, 2013, we have raised approximately \$2.1 billion in net proceeds from additional offerings of common stock.

Note 2. Significant Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“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 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, 2013. Certain industries were reclassified on the Schedule of Investments for March 31, 2013 to conform to the current period presentation. Certain amounts have been reclassified on the Statement of Operations and the Statement of Assets and Liabilities to conform to the current period presentation. Included in \$18,258 of investment income from non-controlled/affiliated investments for the nine months ended December 31, 2013 is \$5,088 of investment income previously classified as investment income from controlled investments for the three months ended June 30, 2013. For the three months ended December 31, 2012, approximately \$59 of investment income previously classified from non-controlled/non-affiliated investments and \$2,647 of investment income previously classified from controlled investments were reclassified to investment income from non-controlled/affiliated investments. For the nine months ended December 31, 2012, approximately i) \$59 of investment income previously classified from non-controlled/non-affiliated and \$4,147 of investment income previously classified from controlled investments was reclassified to investment income from non-controlled/affiliated investments, ii) \$236 of investment income previously classified from non-controlled/non-affiliated investments were reclassified to investment income from controlled investments, and iii) \$2,578 of investment income previously classified from controlled investments were reclassified to investment income from non-controlled/non-affiliated investments.

The significant accounting policies consistently followed by Apollo Investment are:

(a) Security transactions are accounted for on the trade date.

(b) 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 third party valuation firms consider observable market inputs together with significant unobservable inputs in arriving at their valuation recommendations for such Level 3 categorized assets. Debt investments with remaining maturities of 60 days or less shall 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 which case such investments shall be valued at fair value as determined in good faith by or under the direction of our board of directors. Investments that are not publicly traded

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

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 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, 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. For the quarter ended December 31, 2013, there has been no change to the Company's valuation techniques and related inputs considered in the valuation process.

Accounting Standards Codification ("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.

(c) Gains or losses on investments are calculated by using the specific identification method.

(d)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, uncapitalized interest or dividends are reversed from the related receivable through interest or dividend income,

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

(in thousands except share and per share amounts)

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. For the nine months ended December 31, 2013, accrued PIK totaled \$21,447 on total investment income of \$284,941. 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. Structuring and other lending related fees are recorded as other income when earned. 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 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.

(e)The Company intends to comply with the applicable provisions of the Code pertaining to regulated investment companies to 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.

(f)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 accounting principles generally accepted in the United States of America.

(g)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.

(h)Securities that have been called by the issuer are recorded at the call price on the call effective date.

(i)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 acquired and holds investments subject to financing with third parties. At December 31, 2013, the Company did not have any subsidiaries or controlled operating companies that were consolidated. See additional information within note 6.

(j)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. Such fluctuations are included with the net realized gains or losses and unrealized depreciation or appreciation from investments. 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.

(k)The Company may enter into forward exchange contracts in order to hedge against foreign currency risk. These contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. Realized gains or losses are recognized when contracts are settled.

(l)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.

(m)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 closely approximates the effective yield method.

(n)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

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

(in thousands except share and per share amounts)

deems that certain U.S. Treasury bills, repurchase agreements and other high-quality, short-term debt securities would qualify as cash equivalents.

(o) The Company records as dividend income the accretible 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). These assumptions are updated on at least a quarterly basis to reflect changes related to a particular security, actual historical data, and market changes.

(p) The Company may make investments in derivative instruments. The derivative instruments are fair valued with changes to the fair value reflected in net unrealized appreciation/depreciation 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 appreciation/depreciation and subsequently recorded as net realized gain or loss on the interest settlement date.

Recent Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (“FASB”) issued guidance to enhance disclosures about financial instruments and derivative instruments that are either (1) offset or (2) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset. Under the guidance, an entity is required to disclose quantitative information relating to recognized assets and liabilities that are offset or subject to an enforceable master netting arrangement or similar agreement, including the gross amounts of those recognized assets and liabilities, the amounts offset to determine the net amount presented in the statement of financial position, and the net amount presented in the statement of financial position. With respect to amounts subject to an enforceable master netting arrangement or similar agreement which are not offset, disclosure is required of the amounts related to recognized financial instruments and other derivative instruments, the amount related to financial collateral (including cash collateral), and the overall net amount after considering amounts that have not been offset. The guidance is effective for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods and retrospective application is required. As the amendments are limited to disclosure only, the adoption of this guidance did not have a material impact on the financial statements of the Company.

In January 2013, the FASB issued guidance to clarify the scope of disclosures about offsetting assets and liabilities. The amendments clarify that the scope of guidance issued in December 2011 to enhance disclosures around financial instruments and derivative instruments that are either (1) offset, or (2) subject to a master netting arrangement or similar agreement, irrespective of whether they are offset, applies to derivatives, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset or subject to an enforceable master netting arrangement or similar agreement. The amendments are effective for interim and annual periods beginning on or after January 1, 2013. As the amendments are limited to disclosure only, the adoption of this guidance did not have a material impact on the financial statements of the Company.

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 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. Earlier application is prohibited. The Company is in the process of evaluating the impact that this guidance will have but does not believe that this guidance will have a material impact 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

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NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)
(in thousands except share and per share amounts)

performance-based incentive fee. The base management fee is determined by taking the average value of our gross assets, net of payable for cash equivalents purchased 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 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 time period between April 2, 2012 and March 31, 2014, AIM has agreed to voluntarily waive the management and incentive fees associated with the incremental common shares issued on April 2, 2012 and May 20, 2013.

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 depreciation (unrealized depreciation 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 appreciation and depreciation on investments held at the end of each period.

The accrual of this theoretical capital gains incentive fee assumes all unrealized capital appreciation and depreciation 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 such accrual for the nine months ended December 31, 2013 and 2012. It should be noted that a fee so calculated and accrued would not be 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 appreciation.

For the time period between April 1, 2012 and March 31, 2014, AIM will not be paid the portion of the performance-based incentive fee that is attributable to deferred interest, such as PIK, until 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, 2013, the Company expensed \$15,932 and \$46,044 in base management fees and \$11,469 and \$35,464 in performance-based incentive fees. For the three and nine months ended December 31, 2012, the Company expensed \$13,855 and \$41,539 in base management fees and \$10,346 and \$30,804 in performance-based incentive fees. 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, 2012, total management fees waived were \$400 and \$1,193, respectively. For the three and nine months ended December 31, 2013, total incentive fees waived were \$1,412 and \$3,745, respectively. For the three and nine months ended December 31, 2012, total incentive fees waived were \$298 and \$885, 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 amount of the deferred incentive fees for the three and nine months ended December 31, 2012 is \$985 and \$2,690, respectively.

The unpaid deferred fee balance included in the management and performance-based incentive fees payable line of the Statement of Assets and Liabilities at December 31, 2013 and March 31, 2013 is \$6,057 and \$3,935, respectively.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

(in thousands except share and per share amounts)

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 by the Administrator and requested to be reimbursed for performing its obligations under the Administration Agreement, including rent and the Company's allocable portion of its chief financial officer and 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, 2013, the Company recognized expenses under the Administration Agreement of \$1,410 and \$3,616, respectively. For the three and nine months ended December 31, 2012, the Company recognized expenses under the Administration Agreement of \$1,118, and \$2,637, respectively.

The Company has also entered into an expense reimbursement agreement with a subsidiary of a portfolio company 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, 2013, the Company recognized expenses that were reimbursed under the expense reimbursement agreement of \$21 and \$29, respectively.

Note 4. Net Asset Value Per Share

At December 31, 2013, the Company's net assets and net asset value per share were \$1,925,339 and \$8.57, respectively. This compares to net assets and net asset value per share at March 31, 2013 of \$1,677,389 and \$8.27, respectively.

Note 5. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings (loss) per share, pursuant to ASC 260-10, for the three and nine months ended December 31, 2013 and December 31, 2012, respectively:

| | Three months ended December 31, | | Nine months ended December 31, | |
|--|---------------------------------|-------------|--------------------------------|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Amounts are in thousands, except shares and per share data | | | | |
| Earnings per share—basic | | | | |
| Numerator for increase (decrease) in net assets per share: | \$105,738 | \$(22,744) | \$200,967 | \$38,651 |
| Denominator for basic weighted average shares: | 224,741,351 | 202,891,351 | 220,848,078 | 202,870,086 |
| Basic earnings per share: | \$0.47 | \$(0.11) | \$0.90 | \$0.19 |
| Earnings per share—diluted | | | | |
| Numerator for increase (decrease) in net assets per share: | \$105,738 | \$(22,744) | \$200,967 | \$38,651 |
| Adjustment for interest on convertible notes and for incentive fees, net | 2,548 | 2,575 | 7,651 | 7,715 |
| Numerator for increase (decrease) in net assets per share, as adjusted | \$108,286 | \$(20,169) | \$208,618 | \$46,366 |
| Denominator for weighted average shares, as adjusted for dilutive effect of convertible notes: | 239,289,451 | 217,439,451 | 235,396,178 | 217,418,186 |
| Diluted earnings per share: | \$0.45 | \$(0.11)* | \$0.88 | \$0.19 * |

In applying the if-converted method, conversion shall not be assumed for purposes of computing diluted EPS if the *effect would be anti-dilutive. For the three months and nine months ended December 31, 2013, there was no anti-dilution. For the three months and nine months ended December 31, 2012, anti-dilution was \$0.02.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

(in thousands except share and per share amounts)

Note 6. 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. During the quarter ended June 30, 2013, one of the three special purpose entities was dissolved, and during the quarter ended December 31, 2013, the remaining two special purpose entities, along with AIC Holdco, were dissolved. Each of these transactions is described in more detail below together with summary financial information.

In the first of these investments, 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 fiscal year ended March 31, 2012, we sold \$47,145 face value of the FDC Loan. During the period ended September 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. During the quarter ended December 31, 2013, Apollo FDC was dissolved.

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 period ended September 30, 2013, Apollo TXU terminated the entire TRS resulting in a realized loss of \$10,314. The excess collateral posted was returned to Apollo TXU. During the quarter ended December 31, 2013, Apollo TXU was dissolved.

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. As of March 31, 2013, Apollo Boots held no investments. During the quarter ended June 30, 2013, Apollo Boots was dissolved.

During the quarter ended December 31, 2013, AIC Holdco was dissolved. We do not consolidate AIC Holdco or its wholly owned subsidiaries and accordingly only the value of our investment in AIC Holdco was included on our statement of assets and liabilities. 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 of the special purpose entities net of associated liabilities.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

(in thousands except share and per share amounts)

Below is summarized financial information for AIC Holdco as of December 31, 2013 and March 31, 2013 and for the nine months ended December 31, 2013 and 2012.

| | December 31, 2013 (unaudited) | March 31, 2013 |
|---------------------------|-------------------------------------|-----------------|
| Assets | | |
| Cash | \$— | \$10 |
| Apollo FDC ⁽¹⁾ | — | 32,981 |
| Apollo TXU ⁽²⁾ | — | 26,641 |
| Other Assets | — | 2,702 |
| Total Assets | \$— | \$62,334 |
| Liabilities | | |
| Apollo FDC ⁽³⁾ | \$— | \$— |
| Apollo TXU ⁽⁴⁾ | — | 8,936 |
| Other Liabilities | — | 2,702 |
| Total Liabilities | \$— | \$11,638 |
| Net Assets | | |
| Apollo FDC | \$— | \$32,981 |
| Apollo TXU | — | 17,705 |
| Other | — | 10 |
| Total Net Assets | \$— | \$50,696 |

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

(in thousands except share and per share amounts)

| | Nine months ended December 31, 2013 (unaudited) | Nine months ended December 31, 2012 (unaudited) |
|--|--|--|
| Net Operating Income (Loss) | | |
| Apollo FDC ⁽⁵⁾ | \$1,559 | \$2,686 |
| Apollo TXU ⁽⁵⁾ | 692 | 900 |
| Apollo Boots ⁽⁵⁾ | 8 | 721 |
| Other | 4 | (5) |
| Total Operating Income | \$2,263 | \$4,302 |
| Net Realized Gain (Loss) | | |
| Apollo FDC | \$9,634 | \$— |
| Apollo TXU | (10,314) | — |
| Apollo Boots | — | 1,513 |
| Total Net Realized Gain (Loss) | \$(680) | \$1,513 |
| Net Change in Unrealized Appreciation / Depreciation | | |
| Apollo FDC | \$(11,509) | \$3,832 |
| Apollo TXU | 8,936 | 4,920 |
| Apollo Boots | — | 538 |
| Total Net Change in Unrealized Appreciation / Depreciation | \$(2,573) | \$9,290 |
| Net Income (Loss) ⁽⁶⁾ | | |
| Apollo FDC | \$(316) | \$6,518 |
| Apollo TXU | (686) | 5,820 |
| Apollo Boots | 8 | 2,772 |
| Other | 4 | (5) |
| Total Net Income (Loss) | \$(990) | \$15,105 |

Represents fair value of the Junior Note held by Apollo FDC with a cost of \$21,472 as of March 31, 2013. The (1) Junior Note was repaid by transferring the proceeds from the partial prepayment by First Data Corporation and by transferring the residual FDC Note to the Company during the period ended June 30, 2013 at accreted cost.

(2) Represents fair value of collateral posted in relation to the TRS held by Apollo TXU with a cost of \$26,641 at March 31, 2013.

Apollo FDC's interest was subject to a senior note of a separate entity of \$20,283 at March 31, 2013, however, (3) Apollo FDC had no liability for such senior note. The senior note was repaid during the period ended June 30, 2013.

(4) Represents liability on the TRS held by Apollo TXU.

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 (5) 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.

(6) Net income is the sum of operating income, realized gain (loss) and net change in unrealized appreciation / depreciation.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

(in thousands except share and per share amounts)

Investments for the Company

Investments for the Company consisted of the following as of December 31, 2013 and March 31, 2013:

| | December 31, 2013 | | March 31, 2013 | |
|-------------------------------|-------------------|-------------|----------------|-------------|
| | Cost | Fair Value | Cost | Fair Value |
| Secured Debt | \$1,587,758 | \$1,619,648 | \$1,339,680 | \$1,266,004 |
| Unsecured Debt | 1,023,516 | 1,031,518 | 1,256,697 | 1,214,997 |
| Structured Products and Other | 222,425 | 231,260 | 179,475 | 185,995 |
| Preferred Equity | 112,200 | 89,438 | 40,221 | 11,550 |
| Common Equity/Interests | 225,487 | 197,847 | 200,518 | 162,580 |
| Warrants | 9,014 | 13,900 | 2,710 | 9,273 |
| Total | \$3,180,400 | \$3,183,611 | \$3,019,301 | \$2,850,399 |

At December 31, 2013, our investments that were measured at fair value were categorized as follows in the fair value hierarchy for ASC 820 purposes:

| Description | December 31, 2013 | 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 | \$1,619,648 | \$— | \$905,364 | \$714,284 |
| Unsecured Debt | 1,031,518 | — | 686,936 | 344,582 |
| Structured Products and Other | 231,260 | — | — | 231,260 |
| Preferred Equity | 89,438 | — | — | 89,438 |
| Common Equity/Interests | 197,847 | — | — | 197,847 |
| Warrants | 13,900 | — | — | 13,900 |
| Total | \$3,183,611 | \$— | \$1,592,300 | \$1,591,311 |

At March 31, 2013, our investments that were measured at fair value were categorized as follows in the fair value hierarchy for ASC 820 purposes:

| Description | March 31, 2013 | 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 | \$1,266,004 | \$— | \$625,195 | \$640,809 |
| Unsecured Debt | 1,214,997 | — | 583,950 | 631,047 |
| Structured Products and Other | 185,995 | — | — | 185,995 |
| Preferred Equity | 11,550 | — | — | 11,550 |
| Common Equity/Interests | 162,580 | — | — | 162,580 |
| Warrants | 9,273 | — | — | 9,273 |
| Total | \$2,850,399 | \$— | \$1,209,145 | \$1,641,254 |

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

The following charts show the components of change in our investments categorized as Level 3 for the three and nine months ended December 31, 2013:

For the three months ended December 31, 2013:

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3)* | | | | | | Total |
|--|--|-------------------------------|-------------------------------|------------------|--------------------------|----------|-------------|
| | Secured Debt | Unsecured Debt ⁽²⁾ | Structured Products and Other | Preferred Equity | Common Equity/ Interests | Warrants | |
| 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 depreciation / appreciation included in earnings | 8,191 | 2,881 | 5,437 | 4,506 | (10,033) | 101 | 11,083 |
| Net amortization on investments | 461 | 295 | 90 | — | — | — | 846 |
| Purchases, including capitalized PIK | 195,478 | 12,514 | 71,887 | 71,780 | 511 | 76 | 352,246 |
| Sales | (112,159) | (49,407) | (26,928) | (98) | (15,928) | — | (204,520) |
| 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 depreciation / appreciation relating to our Level 3 assets still held at the reporting date and reported within the net change in unrealized depreciation / appreciation on investments in our Statement of Operations. | \$2,506 | \$4,454 | \$(14,125) | \$4,505 | \$84 | \$101 | \$(2,475) |

(1) Transfers represent transfers in and out of Level 3 and in and out of Level 2 due to changes in the quantity and quality of information obtained to support the fair value of each investment 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 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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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:

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3)* | | | | | | Total |
|--|--|-------------------------------|-------------------------------|------------------|--------------------------|------------|-------------|
| | Secured Debt | Unsecured Debt ⁽²⁾ | Structured Products and Other | Preferred Equity | Common Equity/ Interests | Warrants | |
| 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 | (33,654) | (44,270) | (2,017) | 98 | 10,542 | — | (69,301) |
| Total change in unrealized depreciation / appreciation included in earnings | 39,961 | 53,100 | 2,166 | 5,910 | 10,299 | (1,677) | 109,759 |
| Net amortization on investments | 3,026 | 10,237 | 238 | — | — | — | 13,501 |
| Purchases, including capitalized PIK | 460,799 | 56,050 | 132,169 | 71,978 | 36,738 | 6,304 | 764,038 |
| Sales | (412,473) | (280,776) | (59,055) | (98) | (22,312) | — | (774,714) |
| Transfers out of Level 3 (1) | (154,865) | (80,806) | (38,728) | — | — | — | (274,399) |
| Transfers into Level 3 (1) | 170,681 | — | 10,492 | — | — | — | 181,173 |
| 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 depreciation / appreciation relating to our Level 3 assets still held at the reporting date and reported within the net change in unrealized depreciation / appreciation on investments in our Statement of Operations. | \$374 | \$(11,933) | \$7,086 | \$5,909 | \$13,942 | \$(1,677) | \$13,701 |

Transfers represent (a) a transfer of \$10,492 out of Secured Debt into Structured Products due to the change in the nature of the investment and (b) transfers in and out of Level 3 and in and out of Level 2 due to changes in the (1) quantity and quality of information obtained to support the fair value of each investment 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 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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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

(in thousands except share and per share amounts)

The following charts show the components of change in our investments categorized as Level 3 for the three and nine months ended December 31, 2012:

For the three months ended December 31, 2012:

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3)* | | | | | | Total |
|--|--|----------------|-------------------------------|------------------|--------------------------|-----------|--------------|
| | Secured Debt | Unsecured Debt | Structured Products and Other | Preferred Equity | Common Equity/ Interests | Warrants | |
| Beginning Balance, September 30, 2012 | \$ 1,117,830 | \$ 1,266,029 | \$ 122,896 | \$ 25,987 | \$ 131,573 | \$ 11,775 | \$ 2,676,090 |
| Total realized gains (losses) included in earnings | (22,010) | 3,844 | 2,338 | — | 79 | 5,383 | (10,366) |
| Total change in unrealized depreciation / appreciation included in earnings | (29,853) | 172 | 999 | (14,892) | (3,755) | (3,979) | (51,308) |
| Net amortization on investments | 2,082 | 3,213 | 83 | — | — | — | 5,378 |
| Purchases, including capitalized PIK | 332,416 | 124,462 | 59,471 | 94 | 800 | 852 | 518,095 |
| Sales | (255,687) | (235,746) | (13,729) | — | (79) | (5,625) | (510,866) |
| Transfers(1) | — | — | — | — | — | — | — |
| Ending Balance, December 31, 2012 | \$ 1,144,778 | \$ 1,161,974 | \$ 172,058 | \$ 11,189 | \$ 128,618 | \$ 8,406 | \$ 2,627,023 |
| The amount of total gains or losses for the period included in earnings attributable to the change in unrealized depreciation / appreciation relating to our Level 3 assets still held at the reporting date and reported within the net change in unrealized depreciation / appreciation on investments in our Statement of Operations. | \$(31,145) | \$ 3,639 | \$(5,125) | \$(14,892) | \$(3,755) | \$ 10,157 | \$(41,121) |

Investments are transferred in and out of Level 3 and in and out of Level 2 due to changes in the quantity and quality of information obtained to support the fair value of each investment as assessed by the Adviser. Transfers (1) 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.

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

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

For the nine months ended December 31, 2012:

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3)* | | | | | | Total |
|--|--|----------------|-------------------------------|------------------|--------------------------|----------|--------------|
| | Secured Debt | Unsecured Debt | Structured Products and Other | Preferred Equity | Common Equity/ Interests | Warrants | |
| Beginning Balance, March 31, 2012 | \$864,485 | \$1,520,152 | \$63,725 | \$34,648 | \$184,341 | \$9,729 | \$2,677,080 |
| Total realized gains (losses) included in earnings | (19,679) | (14,829) | 2,337 | — | (42,641) | 5,383 | (69,429) |
| Total change in unrealized depreciation / appreciation included in earnings | (25,319) | 20,083 | 11,705 | (25,633) | 6,672 | (1,934) | (14,426) |
| Net amortization on investments | 5,968 | 11,769 | 217 | 97 | — | — | 18,051 |
| Purchases, including capitalized PIK | 703,451 | 309,220 | 107,801 | 2,077 | 900 | 853 | 1,124,302 |
| Sales | (379,445) | (684,421) | (13,727) | — | (25,337) | (5,625) | (1,108,555) |
| Transfers(1) | (4,683) | — | — | — | 4,683 | — | — |
| Ending Balance, September 30, 2012 | \$1,144,778 | \$1,161,974 | \$172,058 | \$11,189 | \$128,618 | \$8,406 | \$2,627,023 |
| The amount of total gains or losses for the period included in earnings attributable to the change in unrealized depreciation / appreciation relating to our Level 3 assets still held at the reporting date and reported within the net change in unrealized depreciation / appreciation on investments in our Statement of Operations. | \$(25,169) | \$6,216 | \$5,592 | \$(25,633) | \$(32,328) | \$2,528 | \$(68,794) |

Transfers represent (a) a transfer of \$4,683 out of Secured Debt into Common Equity/Interests due to the restructuring of a portfolio company which altered the securities held by the Company and (b) transfers between level 3 and level 2. Transfers are assumed to have occurred at the end of the period. The measurement was reclassified within the fair value hierarchy due to significant inputs that were previously unobservable which became observable given transactions that were observed around the measurement date. There were no transfers between Level 1 and Level 2 fair value measurements during the period shown.

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

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 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, 2013 and March 31, 2013. In addition to the techniques and inputs noted in the tables below, according to our valuation policy we may also use other valuation techniques and methodologies when determining our fair value measurements. The below tables are 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.

| Quantitative Information about Level 3 Fair Value Measurements | | | | |
|--|----------------------|---|---------------------------------------|-----------------------------|
| | December 31, 2013 | Valuation Techniques/ Methodologies | Unobservable Input | Range (Weighted Average) |
| Secured Debt | \$567,329 | Yield Analysis | Discount Rate | 9.1% – 27.6% (13.6%) |
| | 31,941 | Other | Recent Transaction | n/a |
| Unsecured Debt | 337,495 | Yield Analysis | Discount Rate | 9.5% – 32.5% (11.9%) |
| | 10,058 | Yield Analysis | Discount Rate | 15.0% – 15.0% (15.0%) |
| Structured Products and Other | 172,704 | Discounted Cash Flow | Discount Rate | 12.0% – 16.0% (13.9%) |
| | 25,746 | Other | Recent Transaction | n/a |
| Preferred Equity | 89,437 | Market Comparable Approach | Comparable Multiple | 2.1x – 11.5x (8.4x) |
| | 117,617 | Market Comparable Approach | Comparable Multiple | 2.1x – 12.2x (8.2x) |
| Common Equity / Interests | 28 | Net Asset Value | Underlying Assets / Liabilities | n/a |
| | 6,645 | Other | Illiquidity / Restrictive Discount | 7.0% – 7.0% (7.0%) |
| | 73,465 | Yield Analysis | Discount Rate | 11.6% – 30.0% (11.9%) |
| | 12,196 | Market Comparable Approach | Comparable Multiple | 5.3x – 6.0x (4.7x) |
| Warrants | 1,171 | Other | Illiquidity / Restrictive discount | 20.0% – 20.0% (20.0%) |

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

| | Quantitative Information about Level 3 Fair Value Measurements | | | |
|-------------------------------|--|-------------------------------------|------------------------------------|--------------------------|
| | Fair Value as of March 31, 2013 | Valuation Techniques/ Methodologies | Unobservable Input | Range (Weighted Average) |
| Secured Debt | \$32,952 | Market Comparable Approach | Comparable Multiple | 6.0x – 6.0x (6.0x) |
| Unsecured Debt | 422,766 | Yield Analysis | Discount Rate | 8.0% – 18.0% (12.1%) |
| | 504,263 | Yield Analysis | Discount Rate | 10.1% – 25.0% (13.8%) |
| Structured Products and Other | 43,144 | Discounted Cash Flow | Discount Rate | 13.0% – 13.0% (13.0%) |
| | 6,174 | Recent Transactions | Recent Transactions | n/a |
| | 50,697 | Net Asset Value | Underlying Assets / Liabilities | n/a |
| Preferred Equity | 11,550 | Market Comparable Approach | Comparable Multiple | 4.3x – 10.4x (6.5x) |
| | 33,911 | Discounted Cash Flow | Discount Rate | 8.0% – 12.5% (12.5%) |
| Common Equity/Interests | 123,081 | Market Comparable Approach | Comparable Multiple | 2.0x – 10.8x (8.0x) |
| | 123 | Net Asset Value | Underlying Assets / Liabilities | n/a |
| | 146 | Yield Analysis | Discount Rate | 20.0% – 20.0% (20.0%) |
| | 5,319 | Other | Illiquidity / Restrictive discount | 7.0% – 7.0% (7.0%) |
| Warrants | 7,432 | Market Comparable Approach | Comparable Multiple | 4.3x – 5.9x (5.4x) |
| | 1,841 | Other | Illiquidity / Restrictive discount | 20.0% – 20.0% (20.0%) |

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 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 lower or higher fair value measurement. The significant unobservable inputs used in the fair value measurement of the structured products and other 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 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.

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(in thousands except share and per share amounts)

PIK Activity

Accumulated PIK income activity for the three months and nine months ended December 31, 2013 and December 31, 2012:

| | Three Months Ended December 31, 2013 | Three Months Ended December 31, 2012 | Nine Months Ended December 31, 2013 | Nine Months Ended December 31, 2012 |
|-------------------------------------|---|---|--|--|
| PIK balance at beginning of period | \$ 54,991 | \$ 42,938 | \$ 45,658 | \$ 32,963 |
| Gross PIK income capitalized | 4,119 | 2,603 | 21,008 | 15,012 |
| Adjustments due to investment exits | — | — | (25 |) — |
| PIK income received in cash | (7,211 |) (2,762 |) (14,742 |) (5,196 |
| PIK balance at end of period | \$ 51,899 | \$ 42,779 | \$ 51,899 | \$ 42,779 |

Note 7. Derivative Instruments

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. As of December 31, 2013, we did not hold any derivative investments. We do not hold or issue derivative contracts for speculative purposes. We recorded the accrual of periodic interest settlements in net unrealized appreciation/depreciation 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.

The table below summarizes the effect of derivative instruments on our statement of operations for the three and nine months ended December 31, 2013:

For the three months ended December 31, 2013, there were no profit and loss activity for derivative instruments.

For the nine months ended December 31, 2013:

| Derivative Instruments | Unrealized Gain/(Loss) | Realized Gain/(Loss) | Total Gain (Loss) |
|------------------------|---------------------------|-------------------------|-------------------|
| Interest rate swaps | \$— | \$ 13,162 | \$ 13,162 |
| Interest rate caps | — | (4,621 |) (4,621 |
| Total | \$— | \$ 8,541 | \$ 8,541 |

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, derivatives and foreign currencies. 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, 2013, 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

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

(in thousands except share and per share amounts)

Master Agreement at their termination values if the Company fails to maintain certain minimum shareholders' equity thresholds or if the Company fails to comply with certain specified financial covenants.

Note 8. Foreign Currency Transactions and Translations

At December 31, 2013, the Company had outstanding non-USD borrowings on its Senior Secured Facility (as defined herein) denominated in Euros, British Pounds, and Canadian Dollars. Unrealized appreciation/depreciation on these outstanding borrowings is indicated in the table below:

| Foreign Currency | Local Currency | Original Borrowing Cost | Current Value | Reset Date | Unrealized Appreciation (Depreciation) |
|------------------|-------------------|-------------------------------|------------------|------------|--|
| British Pound | £ 45,100 | \$72,078 | \$74,697 | 01/31/2014 | \$ (2,619) |
| Euro | € 18,200 | 24,474 | 25,079 | 01/31/2014 | (605) |
| Euro | € 15,000 | 20,021 | 20,669 | 01/23/2014 | (648) |
| Canadian Dollar | CAD34,900 | 32,940 | 32,847 | 01/23/2014 | 93 |
| | | \$149,513 | \$153,292 | | \$ (3,779) |

At March 31, 2013, the Company had outstanding non-USD borrowings on its Senior Secured Facility (as defined herein) denominated in Euros and British Pounds. Unrealized appreciation on these outstanding borrowings is indicated in the table below:

| Foreign Currency | Local Currency | Original Borrowing Cost | Current Value | Reset Date | Unrealized Appreciation (Depreciation) |
|------------------|-------------------|-------------------------------|------------------|------------|--|
| British Pound | £5,300 | \$8,409 | \$8,048 | 04/19/2013 | \$ 361 |
| Euro | €77,000 | 103,544 | 98,876 | 04/30/2013 | 4,668 |
| British Pound | £62,000 | 99,087 | 94,144 | 04/30/2013 | 4,943 |
| | | \$211,040 | \$201,068 | | \$ 9,972 |

Note 9. Cash Equivalents

The Company held cash equivalents during the year ended March 31, 2013. There were no cash equivalents held as of December 31, 2013 and March 31, 2013.

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

Note 10. Financial Highlights

The following is a schedule of financial highlights for the nine months ended December 31, 2013 and the year ended March 31, 2013:

| | Nine months ended December 31, 2013 (unaudited) | Fiscal year ended March 31, 2013 | | |
|---|--|-------------------------------------|------|---|
| Per Share Data: | | | | |
| Net asset value, beginning of period | \$8.27 | \$8.55 | | |
| Net investment income | 0.69 | 0.83* | | |
| Net realized and unrealized gain/(loss) | 0.21 | (0.31)* | | |
| Net increase in net assets resulting from operations | 0.90 | 0.51 * | | |
| Dividends to stockholders from net investment income (1) | (0.60 | (0.79 |) |) |
| Distribution of return of capital | — | (0.01 | |) |
| Effect of anti-dilution | — ** | — ** | | |
| Offering costs | — ** | — ** | | |
| Net asset value at end of period | \$8.57 | \$8.27 | | |
| Per share market price at end of period | \$8.48 | \$8.36 | | |
| Total return (2) | 9.00 | 28.24 | % | % |
| Shares outstanding at end of period | 224,741,351 | 202,891,351 | | |
| Ratio/Supplemental Data: | | | | |
| Net assets at end of period (in millions) | \$1,925.3 | \$1,677.4 | | |
| Ratio of net investment income to average net assets (3) | 11.06 | 9.87 | % | % |
| Ratio of operating expenses to average net assets (3) | 6.03 | 6.28 | %*** | % |
| Ratio of interest and other debt expenses to average net assets (3) | 3.69 | 3.43 | % | % |
| Ratio of total expenses to average net assets | 9.72 | 9.71 | %*** | % |
| Average debt outstanding | \$1,193,913 | \$1,036,780 | | |
| Average debt per share | \$5.41 | \$5.11 | | |
| Portfolio turnover ratio | 53.3 | 49.9 | % | % |

(1) Per share amounts reflect total dividends paid per share for the respective periods.

Total return is not annualized and is based on the change in market price per share during the respective periods.

(2) Total return also takes into account dividends and distributions, if any, reinvested in accordance with the Company's dividend reinvestment plan.

(3) Annualized

* Represent rounded numbers

** Represents less than one cent per average share.

The ratio of operating expenses to average net assets and the ratio of total expenses to average net assets is shown net of all voluntary management and incentive fee waivers (see note 3). The ratio of annualized operating expenses to average net assets and the ratio of annualized total expenses to average net assets would be 6.66% and 10.35% respectively, without the voluntary fee waivers.

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 (in thousands except share and per share amounts)
 Senior Securities

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.

| Class and Year | Total Amount Outstanding (1) | Asset Coverage Per Unit (2) | Involuntary Liquidating Preference Per Unit (3) | Estimated Market Value (4) |
|---|------------------------------|-----------------------------|---|----------------------------|
| Senior Secured Facility | | | | |
| Fiscal 2014 (through December 31, 2013) | \$ 491,292 | \$984 | \$— | \$492,274 |
| 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 |
| Senior Secured Notes | | | | |
| Fiscal 2014 (through December 31, 2013) | \$ 270,000 | \$541 | \$— | \$279,901 |
| 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 |
| 2042 Notes | | | | |
| Fiscal 2014 (through December 31, 2013) | \$ 150,000 | \$300 | \$— | \$123,720 |
| 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 |
| 2043 Notes | | | | |
| Fiscal 2014 (through December 31, 2013) | \$ 150,000 | \$300 | \$— | \$114,264 |
| Fiscal 2013 | — | — | — | N/A |

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| | | | | |
|-------------|---|---|---|-----|
| Fiscal 2012 | — | — | — | N/A |
| Fiscal 2011 | — | — | — | N/A |
| Fiscal 2010 | — | — | — | N/A |
| Fiscal 2009 | — | — | — | N/A |

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NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

(in thousands except share and per share amounts)

| | | | | |
|---|-----------|-------|-----|-----------|
| Fiscal 2008 | — | — | — | N/A |
| Fiscal 2007 | — | — | — | N/A |
| Fiscal 2006 | — | — | — | N/A |
| Fiscal 2005 | — | — | — | N/A |
| Convertible Notes | | | | |
| Fiscal 2014 (through December 31, 2013) | \$200,000 | \$401 | \$— | \$209,946 |
| 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 |

(1) Total amount of each class of senior securities outstanding at the end of the period presented.

The asset coverage ratio for each class of securities representing indebtedness is calculated as our total assets, less all liabilities other than indebtedness, divided by each security representing indebtedness. This asset coverage ratio

(2) is multiplied by \$1 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.

The estimated market value was determined based on market quotations as of period-end, if available, or by utilizing a market approach using comparable yields of similar securities. On the reporting date, the carrying value for each debt obligation in the Statement of Assets and Liabilities is the principal outstanding which represents the amount the company expects to settle the obligation.

Note 11. Debt

The Company's outstanding debt obligations as of December 31, 2013 were as follows:

| Amounts in '000s | Date Issued / Amended | December 31, 2013 | | Final Maturity Date |
|---------------------------------|--------------------------|---|---------------------------------|---------------------------|
| | | Total Aggregate Principal Amount Committed | Principal Amount Outstanding | |
| Senior Secured Facility | 2013 | \$1,250,000 | \$ 491,292 | 2018 |
| Senior Secured Notes | 2010 | 225,000 | 225,000 | 2015 |
| Senior Secured Notes (Series A) | 2011 | 29,000 | 29,000 | 2016 |
| Senior Secured Notes (Series B) | 2011 | 16,000 | 16,000 | 2018 |
| 2042 Notes | 2012 | 150,000 | 150,000 | 2042 |
| 2043 Notes | 2013 | 150,000 | 150,000 | 2043 |
| Convertible Notes | 2011 | 200,000 | 200,000 | 2016 |
| Total Debt Obligations | | \$2,020,000 | \$ 1,261,292 | |

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 new facility increased the lenders’ commitments to \$1,250,000 and extended the maturity date to August 31, 2018. Additionally, it allows the Company to seek additional commitments from new and existing lenders in the future, up to an aggregate

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NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

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facility size not to exceed \$1,710,000. 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 letters of credit issued. Terms used in the foregoing sentence have the meanings set forth in the Senior Secured Facility. 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 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, 2013 and March 31, 2013, the Company had \$11,396 and \$0, 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. The available remaining capacity under the Senior Secured Facility was \$747,312 at December 31, 2013.

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.

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".

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

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 (in thousands except share and per share amounts)

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".

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 (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 5, 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, 2013 and 2012:

| | Three Months Ended December 31, 2013 | Three Months Ended December 31, 2012 | Nine Months Ended December 31, 2013 | Nine Months Ended December 31, 2012 | |
|---|---|---|--|--|---|
| Average outstanding debt balance | \$1,247,045 | \$1,027,282 | \$1,193,913 | \$990,404 | |
| Maximum amount of debt outstanding | 1,350,738 | 1,140,214 | 1,353,063 | 1,140,214 | |
| Weighted average annualized interest cost, including commitment fees, but excluding debt issuance costs (1) (2) | 4.97 | %4.94 | %5.01 | %4.78 | % |
| Annualized amortized debt issuance cost | 0.53 | %0.71 | %0.61 | %0.95 | % |
| Total annualized interest cost | 5.50 | %5.65 | %5.62 | %5.73 | % |

(1) The weighted average annual interest cost reflects the average interest cost for all debt.

Commitment fees for the three and nine months ended December 31, 2013 were \$737 and \$2,066, respectively.
(2) The commitment fees for the three and nine months ended December 31, 2012 were \$689 and \$2,096, respectively.
As of December 31, 2013, the Company is in compliance with all debt covenants.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

(in thousands except share and per share amounts)

Note 12. Commitments and Contingencies

As of December 31, 2013, the Company's commitments and contingencies were as follows:

| | As of December 31, 2013 |
|---|-------------------------------|
| Unfunded revolver obligations and commitment to bridge loans (1) (2) | \$340,157 |
| Unfunded delayed draw commitments on senior loans to portfolio companies | 132,706 |
| Unfunded delayed draw commitments on senior loans to portfolio companies (performance thresholds not met) (3) | 56,000 |
| Standby letters of credit issued under the Senior Secured Facility for the account of certain portfolio companies for which the Company is liable | 11,396 |

These amounts may or may not be funded to the borrowing party in the future. The unfunded commitments relate to loans with various maturity dates, but the entire amount was eligible for funding to the borrowers as of (1) December 31, 2013, subject to the terms of each loan's respective credit agreements. AIC's commitments are subject to the consummation of the underlying corporate transactions and conditional upon receipt of all necessary shareholder, regulatory and other applicable approvals.

(2) Included in this amount is \$138,166 unfunded revolver commitment for Merx Aviation Finance Holdings, LLC.

(3) The borrower is 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, 2013.

Note 13. Subsequent Events

The Board of Directors declared a dividend of \$0.20 per share for the third fiscal quarter of 2014, payable on April 7, 2014 to stockholders of record as of March 21, 2014.

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Report of Independent Registered Public Accounting Firm
To the Board of Directors and Shareholders 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, 2013 and the related statement of operations for the three and nine month periods ended December 31, 2013 and December 31, 2012, the statement of cash flows for the nine month periods ended December 31, 2013 and December 31, 2012 and the statement of changes in net assets for the nine month period ended December 31, 2013. 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, 2013, and the related statement of operations, statement of changes in net assets and statement of cash flows for the year then ended (not presented herein), and in our report dated May 23, 2013, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet information and schedule of investments information, as of March 31, 2013 is fairly stated in all material respects in relation to the statements from which it has been derived.

PricewaterhouseCoopers LLP
New York, New York
February 6, 2014

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Item 2. 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 contained elsewhere in this report.

Some of the statements in this report constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained herein 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 any factors set forth in "Risk Factors" and elsewhere in this report.

We have based the forward-looking statements included in this report on information available to us on the date of this report, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, 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 any annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

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 selling 62 million shares of its common stock at a price of \$15.00 per share. Since then, and through December 31, 2013, we have raised approximately \$2.1 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 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.

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Expenses

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, and the compensation 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 the Administrator in connection with administering our business, such as our allocable portion of overhead under the Administration Agreement, including rent and our allocable portion of the cost of our chief financial officer and 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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Portfolio and Investment Activity

Our portfolio and investment activity for the three months ended December 31, 2013 and 2012 is as follows:

| (amounts in millions) | For the three months ended December 31, 2013 | For the three months ended December 31, 2012 |
|---|---|---|
| Investment made in portfolio companies (1) | \$ 630 | \$ 515 |
| Investments sold | (293 |) (307 |
| Net activity before repaid investments | 337 | 208 |
| Investments repaid | (251 |) (204 |
| Net investment activity | \$ 86 | \$ 4 |
| Portfolio companies, at beginning of period | 93 | 70 |
| Number of new portfolio companies | 21 | 16 |
| Number of exited companies | 13 | 14 |
| Portfolio companies, at end of period | 101 | 72 |
| Number of investments in existing portfolio companies | 22 | 13 |

(1) Investments were made through a combination of primary and secondary market purchases.

Our portfolio composition and weighted average yields at December 31, 2013 and at March 31, 2013 are as follows:

| | December 31, 2013 | March 31, 2013 |
|--|----------------------|----------------|
| Portfolio composition, measured at fair value: | | |
| Secured debt | 51% | 44% |
| Unsecured debt | 32% | 43% |
| Structured products and other | 7% | 7% |
| Common equity, preferred equity and warrants | 10% | 6% |
| Weighted average yields, at current cost basis, exclusive of securities on non-accrual status: | | |
| Secured debt portfolio | 11.3% | 11.2% |
| Unsecured debt portfolio | 11.5% | 12.7% |
| Total debt portfolio | 11.4% | 11.9% |
| Income-bearing investment portfolio composition, measured at fair value: | | |
| Fixed rate amount | \$1.7 | billion \$1.6 |
| Floating rate amount | \$1.1 | billion \$0.9 |
| Fixed rate % | 61% | 64% |
| Floating rate % | 39% | 36% |
| Income-bearing investment portfolio composition, measured at cost: | | |
| Fixed rate amount | \$1.7 | billion \$1.6 |
| Floating rate amount | \$1.1 | billion \$0.9 |
| Fixed rate % | 62% | 65% |
| Floating rate % | 38% | 35% |

Since the initial public offering of Apollo Investment in April 2004, and through December 31, 2013, invested capital totaled \$12.2 billion in 271 portfolio companies. Over the same period, Apollo Investment completed transactions with more than 100 different financial sponsors.

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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.

Valuation of Portfolio Investments

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 Level 3 categorized assets. Debt investments with remaining maturities of 60 days or less shall 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 which case such investments shall be valued at fair value as determined in good faith by or under the direction of our board of directors. 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 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, 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. For the quarter ended December 31, 2013, 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.

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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. Of the Company's investments at December 31, 2013, \$1.6 billion or 50.0% of the Company's investments are classified as Level 3.

Revenue 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, uncapitalized 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 again believes that PIK is expected to be realized. For the three and nine months ended December 31, 2013, accrued PIK totaled \$8.4 million and \$21.4 million, on total investment income of \$94.6 million and \$284.9 million, respectively. 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. Structuring and other lending related fees are recorded as other income when earned. 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 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.

Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation

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 fees. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation.

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.

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RESULTS OF OPERATIONS

Operating results for the three and nine months ended December 31, 2013 and 2012 were as follows:

| (in thousands) | Three months ended | | Nine months ended | |
|--|--------------------|-------------------|-------------------|-------------------|
| | December 31, 2013 | December 31, 2012 | December 31, 2013 | December 31, 2012 |
| Investment income | | | | |
| Interest | \$83,115 | \$75,017 | \$250,211 | \$220,523 |
| Dividends | 8,050 | 3,074 | 24,568 | 13,234 |
| Other | 3,396 | 5,121 | 10,162 | 13,620 |
| Total investment income | \$94,561 | \$83,212 | \$284,941 | \$247,377 |
| Expenses | | | | |
| Base management fees and performance-based incentive fees, net of amounts waived | \$(24,026) | \$(23,503) | \$(72,833) | \$(70,265) |
| Interest and other debt expenses, net of expense reimbursements | (17,345) | (14,651) | (50,653) | (42,757) |
| Administrative services expenses | (1,410) | (1,118) | (3,616) | (2,637) |
| Other general and administrative expenses | (2,097) | (1,860) | (6,203) | (6,424) |
| Net expenses | (44,878) | (41,132) | (133,305) | (122,083) |
| Net investment income | \$49,683 | \$42,080 | \$151,636 | \$125,294 |
| Realized and unrealized gain (loss) on investments, cash equivalents, derivatives and foreign currencies | | | | |
| Net realized gain (loss) | \$3,667 | \$(9,305) | \$(109,541) | \$(68,711) |
| Net change in unrealized depreciation/appreciation | 52,388 | (55,519) | 158,872 | (17,932) |
| Net realized and unrealized gain (loss) from investments, cash equivalents, derivatives and foreign currencies | 56,055 | (64,824) | 49,331 | (86,643) |
| Net increase (decrease) in net assets resulting from operations | \$105,738 | \$(22,744) | \$200,967 | \$38,651 |
| Net investment income per share | \$0.22 | \$0.21 | \$0.69 | \$0.62 |
| Earnings gain/(loss) - basic | \$0.47 | \$(0.11) | \$0.90 | \$0.19 |
| Earnings gain/(loss) - diluted | \$0.45 | \$(0.11) | \$0.88 | \$0.19 |

Total Investment Income

For the three months ended December 31, 2013 as compared to the three months ended December 31, 2012 The increase in total investment income for the three months ended December 31, 2013 as compared to the three months ended December 31, 2012 was due to a larger investment portfolio offset somewhat by a decline in yield and the growth of interest and dividend income from our investments in structured products. An additional contributing factor to the improvement in investment income was income from prepayment fees, which accounted for approximately \$2.5 million and \$2.2 million for the three months ended December 31, 2013 and December 31, 2012, respectively.

For the nine months ended December 31, 2013 as compared to the nine months ended December 31, 2012 The increase in total investment income for the nine months ended December 31, 2013 as compared to the nine months ended December 31, 2012 was due to a larger investment portfolio and the growth in dividend income from our investments in structured products. An additional contributing factor to the improvement in investment income was income from prepayment fees, which accounted for approximately \$19.4 million and \$3.7 million in the nine months ended December 31, 2013 and December 31, 2012, respectively. Partially offsetting this increase is the decline in dividend income of \$2.1 million from AIC Credit Opportunity Fund LLC, which was fully divested in the

quarter ended December 31, 2013.

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Net Expenses

For the three months ended December 31, 2013 as compared to the three months ended December 31, 2012

Expenses include management fees, performance-based incentive fees, insurance expenses, administrative services fees, legal fees, directors' fees, audit and tax services expenses, and other general and administrative expenses. The increase in expenses for the three months ended December 31, 2013 compared to the three months ended December 31, 2012 was primarily due to increased interest and other debt expenses of \$2.7 million as a result the larger average debt balance outstanding during the quarter coupled with higher average interest costs attributed to the 2042 Notes and 2043 Notes, which were issued in October 2012 and June 2013, respectively.

For the nine months ended December 31, 2013 as compared to the nine months ended December 31, 2012

The increase in expenses for the nine months ended December 31, 2013 compared to the nine months ended December 31, 2012 was primarily due to \$7.9 million of additional interest and other debt costs and \$2.6 million of incremental management and performance-based incentive fees (net of amounts waived). Interest and other debt costs was higher in the nine months ended December 31, 2013 due to a larger average debt balance outstanding during the period coupled with higher average interest costs attributed to the 2042 Notes and 2043 Notes.

Net Realized Gain/Loss

For the three months ended December 31, 2013 as compared to the three months ended December 31, 2012

Net realized gains for the three months ended December 31, 2013 were primarily driven by the exit of the common equity in Penton Business Media Holdings, LLC and the secured debt in GETCO Financing Escrow, LLC, which was partially offset by realized losses on the exit of IPC Systems, Inc. and restructuring of Garden Fresh Restaurant Corp.

For the nine months ended December 31, 2013 as compared to the nine months ended December 31, 2012

Net realized losses for the nine months ended December 31, 2013 were primarily the result of the sale of three portfolio companies: Cengage Learning Acquisitions, ATI Acquisition Company and Texas Competitive Electric Holdings ("TXU"). These losses were partially offset by realized gains from the exit of various portfolio companies and the realized gain on the exit of the interest rate swaps and caps.

Net realized losses for the nine months ended December 31, 2012 were primarily derived from the exits of select investments, including \$42.8 million from the exit of New Omaha Holdings Co-Invests L.P., \$24.0 million from Cengage Learning Acquisitions, Inc. and a foreign exchange loss of \$9.9 million derived from the sale of our investment in AB Acquisitions. A portion of the realized losses incurred upon the exit of these investments is a reversal of previously reported unrealized losses.

Net Change in Unrealized Appreciation/Depreciation

For the three months ended December 31, 2013 as compared to the three months ended December 31, 2012

For the three months ended December 31, 2013, the net change in unrealized appreciation/depreciation was primarily derived from the reversal of previously recognized unrealized depreciation upon the partial exit of inVentiv Health, Inc. along with the increase in valuation of a number of our portfolio companies. For the three months ended December 31, 2012, the net change in unrealized appreciation/depreciation was primarily derived from Cengage Learning Acquisitions and Gryphon Colleges Corporation which was partially offset by unrealized appreciation on the remainder of the portfolio which were a result of a combination of improvements in the fundamental operating

performance and general capital market conditions.

For the nine months ended December 31, 2013 as compared to the nine months ended December 31, 2012

For the nine months ended December 31, 2013, the net change in unrealized appreciation/depreciation was primarily driven by the reversal of previously recognized unrealized depreciation upon the exit of Cengage Learning Acquisitions, ATI Acquisition Company and Garden Fresh. The remainder of the portfolio was impacted by general capital market conditions as well as improved portfolio company fundamentals. For the nine months ended December 31, 2012, the net change in unrealized appreciation/depreciation was primarily derived from Cengage Learning Acquisitions and Gryphon Colleges Corporation which was partially offset by unrealized appreciation on the remainder of the portfolio which were a result of a combination of improvements in the fundamental operating performance and general capital market conditions.

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Recent Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (“FASB”) issued guidance to enhance disclosures about financial instruments and derivative instruments that are either (1) offset or (2) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset. Under the guidance, an entity is required to disclose quantitative information relating to recognized assets and liabilities that are offset or subject to an enforceable master netting arrangement or similar agreement, including the gross amounts of those recognized assets and liabilities, the amounts offset to determine the net amount presented in the statement of financial position, and the net amount presented in the statement of financial position. With respect to amounts subject to an enforceable master netting arrangement or similar agreement which are not offset, disclosure is required of the amounts related to recognized financial instruments and other derivative instruments, the amount related to financial collateral (including cash collateral), and the overall net amount after considering amounts that have not been offset. The guidance is effective for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods and retrospective application is required. As the amendments are limited to disclosure only, the adoption of this guidance did not have a material impact on the financial statements of the Company.

In January 2013, the FASB issued guidance to clarify the scope of disclosures about offsetting assets and liabilities. The amendments clarify that the scope of guidance issued in December 2011 to enhance disclosures around financial instruments and derivative instruments that are either (1) offset, or (2) subject to a master netting arrangement or similar agreement, irrespective of whether they are offset, applies to derivatives, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset or subject to an enforceable master netting arrangement or similar agreement. The amendments are effective for interim and annual periods beginning on or after January 1, 2013. As the amendments are limited to disclosure only, the adoption of this guidance did not have a material impact on the financial statements of the Company.

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 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. Earlier application is prohibited. The Company is in the process of evaluating the impact that this guidance will have, but does not believe that this guidance will have a material impact on its financial statements.

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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, multi-currency \$1.25 billion Senior Secured Facility maturing on August 31, 2018 (see note 11 within the Notes to Financial Statements), 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 prepayments of senior and subordinated loans and income earned from investments. 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, 2013, accrued PIK totaled \$8.4 million and \$21.4 million, respectively, on total investment income of \$94.6 million and \$284.9 million, respectively. For the three months ended December 31, 2012, accrued PIK totaled \$5.1 million and \$13.9 million, respectively, on total investment income of \$83.2 million and \$247.4 million, respectively. At December 31, 2013, the Company had \$491.3 million in borrowings outstanding, \$11.4 million of letters of credit issued and \$747.3 million of unused capacity under its Senior Secured Facility. As of December 31, 2013, aggregate lender commitments under the Senior Secured Facility total \$1.25 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.

On June 17, 2013, the Company issued \$135 million in aggregate principal amount of 6.875% senior unsecured notes due 2043 and on June 24, 2013 an additional \$15 million in aggregate principal amount of such notes was issued pursuant to the underwriters' over-allotment option exercise. In aggregate, \$150 million of principal was issued for net proceeds of \$145.3 million (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 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.

On May 20, 2013, the Company issued 21.85 million shares of common stock at \$8.60 per share (or \$8.342 per share net proceeds before estimated expense) raising approximately \$181.9 million in net proceeds. AIM has agreed to waive the base management and incentive fees associated with this equity capital for the time period beginning May 20, 2013 through March 31, 2014.

On October 9, 2012, the Company issued \$150 million in aggregate principal amount of 6.625% senior unsecured notes due 2042 for net proceeds of \$145.3 million (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 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.

In April 2012, a subsidiary of Apollo Global Management, LLC purchased 5,847,953 newly issued shares of the Company based on the NAV as of March 31, 2012 of \$8.55 per share. AIM has agreed to waive the base management and incentive fees associated with this equity capital for the time period beginning April 2, 2012 through March 31, 2014.

On September 29, 2011, the Company closed a private offering of \$45 million 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 million; and (2) 6.250% Senior Secured Notes, Series B, of the Company due September 29, 2018, in the aggregate principal amount of \$16 million. 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.

On January 25, 2011, we closed a private offering of \$200 million 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. 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 \$1,000 principal amount of Convertible Notes (14,548,100 common shares) corresponding to an initial conversion price 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

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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 (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. On September 30, 2010, the Company entered into a note purchase agreement, providing for a private placement issuance of \$225 million 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 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. The proceeds from the issuance of the Senior Secured Notes were primarily used to reduce other outstanding borrowings on the Company's Senior Secured Facility.

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, 2013, no shares have been repurchased.

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(n) within the accompanying financial statements.) 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, 2013.

Contractual Obligations

| | Payments due by Period as of December 31, 2013 (amounts in millions) | | | | |
|---------------------------------|--|------------------|-----------|-----------|-------------------|
| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| Senior Secured Facility (1) | \$491 | \$— | \$— | \$491 | \$— |
| 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 |
| Convertible Notes | \$200 | \$— | \$200 | \$— | \$— |

At December 31, 2013, there was \$11.4 million of letters of credit issued under the Senior Secured Facility that are (1) not recorded as liabilities on the Company's Statements of Assets and Liabilities and the Company had \$747.3 million of unused capacity under its Senior Secured Facility.

We have entered into two contracts under which we have future commitments: the Investment Advisory Agreement, pursuant to which AIM has agreed to serve as our investment adviser, and the Administration Agreement, pursuant to which AIA has agreed to furnish us with the facilities and administrative services necessary to conduct our day-to-day operations and provide on our behalf managerial assistance to those portfolio companies to which we are required to provide such assistance. Payments under the Investment Advisory Agreement are equal to (1) a percentage of the value of our average gross assets and (2) a two-part incentive fee. Payments under the Administration Agreement are equal to an amount based upon our allocable portion of AIA's overhead in performing its obligations under the Administration Agreement, including rent, technology systems, insurance and our allocable portion of the costs of our chief financial officer and chief compliance officer and their respective staffs. Either party may terminate each of the Investment Advisory Agreement

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and Administration Agreement without penalty upon not more than 60 days' written notice to the other. Please see note 3 within our financial statements for more information.

Commitments & Contingencies (amounts in thousands)

As of December 31, 2013, the Company's commitments and contingencies were as follows:

| | As of December 31, 2013 |
|---|-------------------------------|
| Unfunded revolver obligations and commitment to bridge loans (1) (2) | \$340,157 |
| Unfunded delayed draw commitments on senior loans to portfolio companies | 132,706 |
| Unfunded delayed draw commitments on senior loans to portfolio companies (performance thresholds not met) (3) | 56,000 |
| Standby letters of credit issued under the Senior Secured Facility for the account of certain portfolio companies for which the Company is liable | 11,396 |

These amounts may or may not be funded to the borrowing party in the future. The unfunded commitments relate to loans with various maturity dates, but the entire amount was eligible for funding to the borrowers as of (1) December 31, 2013, subject to the terms of each loan's respective credit agreements. AIC's commitments are subject to the consummation of the underlying corporate transactions and conditional upon receipt of all necessary shareholder, regulatory and other applicable approvals.

(2) Included in this amount is \$138,166 unfunded revolver commitment for Merx Aviation Finance Holdings, LLC.

(3) The borrower is 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, 2013.

AIC Credit Opportunity Fund LLC (amounts in thousands)

We own 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. During the quarter ended June 30, 2013, one of the three special purpose entities was dissolved, and during the quarter ended December 31, 2013, the remaining two special purpose entities, along with AIC Holdco, were dissolved. Each of these transactions is described in more detail below together with summary financial information.

In the first of these investments, 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 fiscal year ended March 31, 2012, we sold \$47,145 face value of the FDC Loan. During the period ended September 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. During the quarter ended December 31, 2013, Apollo FDC was dissolved.

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 period ended

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September 30, 2013, Apollo TXU terminated the entire TRS resulting in a realized loss of \$10,314. The excess collateral posted was returned to Apollo TXU. During the quarter ended December 31, 2013, Apollo TXU was dissolved.

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. As of March 31, 2013, Apollo Boots held no investments. During the quarter ended June 30, 2013, Apollo Boots was dissolved.

During the quarter ended December 31, 2013, AIC Holdco was dissolved. We do not consolidate AIC Holdco or its wholly owned subsidiaries and accordingly only the value of our investment in AIC Holdco was included on our statement of assets and liabilities. 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 of the special purpose entities net of associated liabilities.

Below is summarized financial information for AIC Holdco as of December 31, 2013 and March 31, 2013 and for the nine months ended December 31, 2013 and December 31, 2012.

| | December 31, 2013 (unaudited) | March 31, 2013 |
|-------------------|-------------------------------------|-------------------|
| Assets | | |
| Cash | \$— | \$10 |
| Apollo FDC(1) | — | 32,981 |
| Apollo TXU(2) | — | 26,641 |
| Other Assets | — | 2,702 |
| Total Assets | \$— | \$62,334 |
| Liabilities | | |
| Apollo FDC(3) | \$— | \$— |
| Apollo TXU(4) | — | 8,936 |
| Other Liabilities | — | 2,702 |
| Total Liabilities | \$— | \$11,638 |
| Net Assets | | |
| Apollo FDC | \$— | \$32,981 |
| Apollo TXU | — | 17,705 |
| Other | — | 10 |
| Total Net Assets | \$— | \$50,696 |

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| | Nine months ended December 31, 2013 (unaudited) | Nine months ended December 31, 2012 (unaudited) |
|--|---|---|
| Net Operating Income (Loss) | | |
| Apollo FDC(5) | \$ 1,559 | \$ 2,686 |
| Apollo TXU(5) | 692 | 900 |
| Apollo Boots(5) | 8 | 721 |
| Other | 4 | (5) |
| Total Operating Income | \$ 2,263 | \$ 4,302 |
| Net Realized Gain (Loss) | | |
| Apollo FDC | \$ 9,634 | \$ — |
| Apollo TXU | (10,314) | — |
| Apollo Boots | — | 1,513 |
| Total Net Realized Gain (Loss) | \$ (680) | \$ 1,513 |
| Net Change in Unrealized Appreciation / Depreciation | | |
| Apollo FDC | \$ (11,509) | \$ 3,832 |
| Apollo TXU | 8,936 | 4,920 |
| Apollo Boots | — | 538 |
| Total Net Change in Unrealized Appreciation / Depreciation | \$ (2,573) | \$ 9,290 |
| Net Income (Loss)(6) | | |
| Apollo FDC | \$ (316) | \$ 6,518 |
| Apollo TXU | (686) | 5,820 |
| Apollo Boots | 8 | 2,772 |
| Other | 4 | (5) |
| Total Net Income (Loss) | \$ (990) | \$ 15,105 |

Represents fair value of the Junior Note held by Apollo FDC as of March 31, 2013 with a cost of \$21,472. The (1) Junior Note was repaid by transferring the proceeds from the partial prepayment by First Data Corporation and by transferring the residual FDC Note to the Company during the period ended June 30, 2013 at accreted cost.

(2) Represents fair value of collateral posted in relation to the TRS held by Apollo TXU with a cost of \$26,641 at March 31, 2013.

Apollo FDC's interest was subject to a senior note of a separate entity of \$20,283 at March 31, 2013; however, (3) Apollo FDC had no liability for such senior note. The senior note was repaid during the period ended June 30, 2013.

(4) Represents liability on the TRS held by Apollo TXU.

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 (5) 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.

(6)

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

Dividends

Dividends 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. Dividends to stockholders for the three and nine months ended December 31, 2012 totaled \$40.6 million or \$0.20 per share, and \$121.7 million or \$0.60 per share, respectively. Tax characteristics of all dividends will be reported to shareholders on Form 1099 after the end of the calendar year. Our quarterly dividends, if any, will be determined by our Board of Directors.

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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 distribution. In addition, although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of 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 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, distributed to stockholders.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are subject to financial market risks, including changes in interest rates. During the period ended December 31, 2013, 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 Company also has a Senior Secured Facility that is based on floating LIBOR rates.

Based on our December 31, 2013 balance sheet, the following table shows the approximate annual impact on net investment income of base rate changes in interest rates (considering interest rate flows for variable rate instruments) to our loan portfolio and outstanding debt assuming no changes in our investment and borrowing structure:

| (in thousands except per share data) | Net Investment Income | Net Investment Income per Share |
|--------------------------------------|--------------------------|------------------------------------|
| Basis Point Change | | |
| Up 300 basis points | \$14,914 | \$ 0.066 |
| Up 200 basis points | \$9,943 | \$ 0.044 |
| Up 100 basis points | \$(1,300) | \$(0.006) |

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.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of December 31, 2013 (the end of the period covered by this report), we, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the 1934 Act). Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of such possible controls and procedures.

(b) Changes in Internal Controls Over Financial Reporting

Management has not identified any change in the Company's internal control over financing reporting that occurred during the third fiscal quarter of 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in various investigations, claims and legal proceedings that arise in the ordinary course of our business. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. While we do not expect that the resolution of these matters if they arise would materially affect our business, financial condition or results of operations, resolution will be subject to various uncertainties and could result in the expenditure of significant financial and managerial resources.

On May 20, 2013 the Company was named as a defendant in a complaint by the bankruptcy trustee of DSI Renal Holdings and related companies (“DSI”). The complaint alleges, among other things, that the Company participated in a “fraudulent conveyance” involving a restructuring and subsequent sale of DSI in 2010 and 2011. The complaint seeks, jointly and severally from all defendants, (1) damages of approximately \$425 million, of which the Company’s share would be approximately \$41 million, and the return of 9,000 shares of common stock of DSI obtained by the Company in the restructuring and sale and (2) punitive damages. At this point in time, the Company is unable to assess whether it may have any liability in this action. The Company has not made any determination that this action is or may be material to the Company and intends to vigorously defend itself. The Company has filed a motion to dismiss this litigation.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in the “Risk Factors” section of our Form N-2 filed on September 9, 2013, which could materially affect our business, financial condition and/or operating results. These risks are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

- 3.1 Articles of Amendment and Restatement, as amended (1)
- 3.2 Third Amended and Restated Bylaws (2)
- 31.1* Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
- 31.2* Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
- 32.1* Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
- 32.2* Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

*Filed herewith.

(1) Incorporated by reference from the Registrant’s post-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on August 14, 2006.

(2) Incorporated by reference from the Registrant’s Form 8-K, filed on November 6, 2009.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 6, 2014.

APOLLO INVESTMENT CORPORATION

By: /s/ JAMES C. ZELTER
James C. Zelter
Chief Executive Officer

By: /s/ GREGORY W. HUNT
Gregory W. Hunt
Chief Financial Officer and Treasurer