

APOLLO INVESTMENT CORP
Form 497
May 16, 2013
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Filed Pursuant to Rule 497(e)
File No. 333-170519

Prospectus Supplement

To the Prospectus dated September 14, 2012

19,000,000 SHARES
COMMON STOCK
\$8.60 PER SHARE

Apollo Investment Corporation is an externally managed closed-end, non-diversified management investment company that has elected to be treated as a business development company, or BDC, under the Investment Company Act of 1940, or 1940 Act. Our investment objective is to generate current income and capital appreciation. We invest primarily in various forms of debt investments, including senior secured loans, subordinated and mezzanine investments, and/or equity in private middle-market companies. From time to time, we may also invest in the securities of public companies.

We are offering for sale 19,000,000 shares of our common stock. We have granted the underwriters a 30-day option to purchase up to 2,850,000 additional shares of our common stock at the public offering price, less the underwriting discounts and commissions.

Our common stock is traded on the Nasdaq Global Select Market under the symbol AINV. The last reported closing price for our common stock on May 14, 2013 was \$8.87 per share.

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

Investing in our securities involves a high degree of risk, including the risk of the use of leverage, and is highly speculative. Before buying any securities, you should read the discussion of the material risks of investing in our securities in Risk Factors beginning on page 8 of the accompanying base prospectus and the additional risks noted in Recent Developments and Risk Factors beginning on page S-4 and S-7, respectively, of this prospectus supplement.

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

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

offense.

	Per share	Total
Public Offering Price	\$ 8.60	\$ 163,400,000
Sales Load (Underwriting Discounts and Commissions)	\$ 0.258	\$ 4,902,000
Proceeds to Apollo Investment Corporation (before estimated expenses) (1)	\$ 8.342	\$ 158,498,000

(1) We estimate that we will incur expenses of approximately \$350,000 (\$0.018 per share) in connection with this offering. Such expenses will be borne by us. Stockholders will indirectly bear such expenses, which will reduce the net asset value per share of the shares purchased by investors in this offering. Net proceeds, after expenses and sales load, will be approximately \$158,148,000 (\$8.32 per share). The underwriters expect to deliver the shares to purchasers on or about May 20, 2013 through the book-entry facilities of The Depository Trust Company.

Joint Book-Running Managers

BofA Merrill Lynch

Citigroup

J.P. Morgan

Morgan Stanley

RBC Capital Markets

Lead Managers

Barclays

BMO Capital Markets
Prospectus Supplement dated May 15, 2013

Deutsche Bank Securities

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

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THE OFFERING

Common stock offered by us, excluding the underwriter's option to purchase additional shares	19,000,000 shares.
Common stock outstanding prior to this offering	202,891,351 shares.
Common stock outstanding after this offering, excluding the underwriter's option to purchase additional shares	221,891,351 shares.
Use of Proceeds	We expect to use the net proceeds from selling shares of our common stock in this offering to repay indebtedness owed under our senior secured, multi-currency, revolving credit facility (the Senior Secured Facility). See Use of Proceeds.
Base Management and Incentive Fee Waiver	Apollo Investment Management, L.P. (AIM), our investment adviser, has agreed to waive the base management and incentive fees associated with the shares issued in this offering through March 31, 2014. Through March 31, 2014, our investment adviser is also (i) waiving such fees in respect of 5,847,953 shares of our common stock acquired by an affiliate of our investment adviser in April 2012, (ii) deferring payment of incentive fees in respect of accrued payment-in-kind income until received in cash and (iii) crediting against its fees any net income from its sub-advisory relationship with CION Investment Corporation, an unaffiliated business development company, after deduction of fully allocated incremental expenses accrued in good faith by it in establishing such relationship and providing the services.
The NASDAQ Global Select Market Symbol	AINV
Risk Factors	See Risk Factors in this prospectus supplement and the accompanying prospectus and other information in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before you decide whether to make an investment in shares of our common stock.

Table of Contents**FEES AND EXPENSES**

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

Stockholder transaction expenses:

Sales load (as a percentage of offering price)	3.00%(1)
Offering expenses (as a percentage of offering price)	0.21%(2)
Total stockholder transaction expenses (as a percentage of offering price)	3.21%(3)

Estimated annual expenses (as percentage of net assets attributable to common stock) (4)

Management fees	3.24%(5)
Incentive fees payable under investment advisory and management agreement	2.30%(6)
Interest and other debt expenses on borrowed funds	3.26%(7)
Other expenses	0.70%(8)
Total annual expenses as a percentage of net assets (9)	9.50%(5,6,7,8)

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. These dollar amounts are based upon payment by an investor of a 3.00% sales load (underwriting discounts and commissions) and the assumption that our annual operating expenses and leverage would remain at the levels set forth in the table above (other than performance-based incentive fees).

	1 year	3 years	5 years	10 years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 73	\$ 231	\$ 404	\$ 920

While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. Assuming a 5% annual return, the incentive fee under the investment advisory and management agreement may not be earned or payable and is not included in the example. This illustration assumes that we will not realize any capital gains computed net of all realized capital losses and gross unrealized capital depreciation in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses, and returns to our investors, would be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend. See Dividend Reinvestment Plan in the accompanying prospectus for additional information regarding our dividend reinvestment plan.

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

- (1) Represents the underwriting discounts and commissions with respect to the shares to be sold by us in this offering.
- (2) The offering expenses of this offering are estimated to be approximately \$350,000.
- (3) The expenses of the dividend reinvestment plan per share are included in Other expenses.

- (4) Net assets attributable to common stock equals net assets as of December 31, 2012 plus the anticipated net proceeds from this offering.

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- (5) The contractual management fee is calculated at an annual rate of 2.00% of our average total assets. Estimate is calculated assuming that proceeds from this offering are used to repay debt and are not invested into new investments. Annual expenses are based on current fiscal year estimates. For more detailed information about our computation of average total assets, please see Note 3 of our financial statements dated December 31, 2012 included herein.
- (6) Assumes that annual incentive fees earned by our investment adviser, AIM, remain consistent with the incentive fees accrued by AIM for the current fiscal quarter. AIM earns incentive fees consisting of two parts. The first part, which is payable quarterly in arrears, is based on our pre-incentive fee net investment income for the immediately preceding calendar quarter. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to the rate of 1.75% quarterly (7% annualized). Our net investment income used to calculate this part of the incentive fee is also included in the amount of our gross assets used to calculate the 2% base management fee (see footnote 5 above). Accordingly, we pay AIM an incentive fee as follows: (1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed 1.75%, which we commonly refer to as the performance threshold; (2) 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the performance threshold but does not exceed 2.1875% in any calendar quarter; and (3) 20% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter. These calculations are appropriately pro rated for any period of less than three months. The effect of the fee calculation described above is that if pre-incentive fee net investment income is equal to or exceeds 2.1875%, AIM will receive a fee of 20% of our pre-incentive fee net investment income for the quarter. You should be aware that a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates would make it easier for us to meet or exceed the incentive fee performance threshold and may result in a substantial increase of the amount of incentive fees payable to our investment adviser with respect to pre-incentive fee net investment income. Furthermore, since the performance threshold is based on a percentage of our net asset value, decreases in our net asset value make it easier to achieve the performance threshold. The second part of the incentive fee will equal 20% of our realized capital gains for the calendar year, if any, computed net of all realized capital losses and unrealized capital depreciation (and incorporating unrealized depreciation on a gross investment-by-investment basis) and is payable in arrears at the end of each calendar year. For a more detailed discussion of the calculation of this fee, see Management Investment Advisory and Management Agreement in the accompanying base prospectus.
- (7) Our interest and other debt expenses are based on current fiscal year estimates. We currently have \$1.14 billion available under our Senior Secured Facility, of which we had \$420,944,000 in borrowings outstanding as of December 31, 2012 and \$1,040,944,000 in total debt outstanding. For more information, see Risk Factors Risks relating to our business and structure We fund a portion of our investments with borrowed money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us in the accompanying base prospectus and Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in this prospectus supplement.
- (8) Includes our estimated overhead expenses, including payments under the administration agreement based on our estimated allocable portion of overhead and other expenses incurred by Apollo Investment Administration in performing its obligations under the administration agreement. See Compensation of Directors and Officers Administration Agreement in the accompanying base prospectus.
- (9) Total annual expenses as a percentage of net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage our net assets and increase our total assets. The SEC requires that the Total annual expenses percentage be calculated as a percentage of net assets (defined as total assets less indebtedness), rather than the total assets, including assets that have been funded with borrowed monies. If the Total annual expenses percentage were calculated instead as a percentage of total assets as of December 31, 2012 plus anticipated net proceeds from this offering, our Total annual expenses would be 6.19% of total assets.

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RECENT DEVELOPMENTS

On May 14, 2013, we announced our estimated net asset value (NAV) per share of our common stock to be between \$8.23 and \$8.28 as of March 31, 2013. We further announced that we expect to report net investment income per share for the quarter ended March 31, 2013 of approximately \$0.21. This estimated financial information is preliminary and based on information available to the management team as of May 14, 2013. This estimated financial information remains subject to the completion of the year end closing process and has not been reviewed by our audit committee. Actual financial results may differ from these estimates and those changes may be material.

The preliminary financial data included in this prospectus supplement has been prepared by and is the responsibility of the Company s management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled or performed any procedures with respect to the accompanying preliminary financial data. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. There is no assurance that the final determination of NAV and net investment income is not higher or lower than the estimates contained herein, and the final determination may be less than the estimates.

During the three months ended March 31, 2013, we invested \$402 million across 8 new and 9 existing portfolio companies. Of these new investments, 44% were in secured debt, 43% were in unsecured debt and 13% were in structured products and equity. The weighted-average yield on new debt securities was 11.7% for the three months ended March 31, 2013.

We sold \$98 million of investments during the three months ended March 31, 2013 and were repaid on \$131 million of investments. Of these exited investments, 33% were in secured debt, 64% were in unsecured debt and 3% were in structured products and equity. The weighted-average yield on exited debt securities was 11.8% for the three months ended March 31, 2013.

AIM has agreed to the following arrangements in respect of its advisory fees:

With respect to the shares issued in this offering, AIM is waiving the base management and incentive fees through March 31, 2014;

With respect to the investment by an indirect subsidiary of Apollo Global Management, LLC, an affiliate of AIM, of 5,847,953 shares of our common stock, AIM has agreed to waive the base management and incentive fees associated with this equity capital through March 31, 2014;

With respect to accrued payment-in-kind interest or dividends, AIM has agreed to defer the receipt of incentive fees related to such accruals through March 31, 2014 until such interest is received in cash; and

With respect to the sub-advisory relationship with CION Investment Corporation, an unaffiliated business development company, AIM has agreed to credit any net income generated by its provision of such services, after deduction of fully allocated incremental expenses accrued in good faith by AIM for establishing the relationship and providing the services, when and if received during the fiscal year ending March 31, 2014, against management fees payable by us to AIM during such period.

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BUSINESS

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

Apollo Investment

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

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

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

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

During the three months ended December 31, 2012, we invested \$515 million across 16 new and 13 existing portfolio companies, through a combination of primary and secondary market purchases. This compares to investing \$95 million in 3 new and 6 existing portfolio companies for the three months ended December 31, 2011. Investments sold or repaid during the three months ended December 31, 2012 totaled \$511 million versus \$175 million for the three months ended December 31, 2011. The weighted average yields on our secured loan

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portfolio, unsecured debt portfolio and total debt portfolio as of December 31, 2012 at our current cost basis were 11.2%, 12.6% and 11.9%, respectively, exclusive of securities on non-accrual status. At December 31, 2011, the yields were 9.7%, 12.6% and 11.7%, respectively, exclusive of securities on non-accrual status.

Our targeted investment size typically ranges between \$20 million and \$250 million, although this investment size may vary proportionately as the size of our available capital base changes. At December 31, 2012, our portfolio consisted of 71 portfolio companies and was invested 40% in secured loans, 48% in unsecured loans, 0% in preferred equity, and 12% in common equity, warrants and collateralized loan obligations, measured at fair value, versus 62 portfolio companies, invested 30% in secured loans, 60% in subordinated debt, 1% in preferred equity, and 9% in common equity and warrants, measured at fair value at March 31, 2012.

Since the initial public offering of Apollo Investment in April 2004, and through December 31, 2012, invested capital totaled \$9.9 billion in 204 portfolio companies. Over the same period, Apollo Investment completed transactions with more than 100 different financial sponsors. A financial sponsor is a term commonly used to refer to private equity investment firms, particularly those private equity firms that engage in leveraged buyout transactions.

At December 31, 2012, 61% or \$1.4 billion of our income-bearing investment portfolio is fixed rate and 39% or \$0.9 billion was floating rate, measured at fair value. On a cost basis, 61% or \$1.5 billion of our income-bearing investment portfolio was fixed rate and 39% or \$1.0 billion was floating rate at December 31, 2012. At March 31, 2012, 67% or \$1.6 billion of our income-bearing investment portfolio was fixed rate and 33% or \$0.8 billion is floating rate, measured at fair value. On a cost basis, 65% or \$1.7 billion of our income-bearing investment portfolio was fixed rate and 35% or \$0.9 billion was floating rate at March 31, 2012.

About Apollo Investment Management

AIM, our investment adviser, is led by John J. Hannan, James C. Zelter and Edward Goldthorpe. Potential investment opportunities are generally approved by an investment committee composed of senior personnel across AGM, including Mr. Zelter and Mr. Goldthorpe. The composition of the investment committee and its approval process for Apollo Investment's investments may change from time to time. AIM draws upon AGM's more than 20 year history and benefits from the broader firm's significant capital markets, trading and research expertise developed through investments in many core sectors in over 150 companies since inception.

About Apollo Investment Administration

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

Our Corporate Information

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

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RISK FACTORS

In addition to the other information set forth in this prospectus supplement, you should carefully consider the factors discussed below, and those set forth under the caption Risk Factors in the accompanying base prospectus and in this prospectus supplement, which could materially affect our business, financial condition and/or operating results. The risks described below and in the accompanying base prospectus and this prospectus supplement are not the only risks we face. 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, operating results, dividend payments, Senior Secured Facility, access to capital and valuation of our assets.

Our most recent NAV was calculated on December 31, 2012 and our NAV when calculated effective March 31, 2013 may be higher or lower.

Our net asset value (NAV) per share as of March 31, 2013 is estimated to be in the range of \$8.23 and \$8.28, as compared to \$8.14 determined by us as of December 31, 2012. See Recent Developments for more information regarding our estimated results. Actual NAV per share as of March 31, 2013 may be higher or lower than our estimate based on potential changes in valuations, or changes to earnings for the quarter then ended. Our Board of Directors has not yet determined the fair value of portfolio investments at any date subsequent to December 31, 2012. Our Board of Directors determines the fair value of our portfolio investments on a quarterly basis in connection with the preparation of quarterly and annual financial statements and based on input from an independent valuation firm, our investment adviser and the audit committee of our Board of Directors.

If we sell common stock at a discount to our NAV per share, stockholders who do not participate in such sale will experience immediate dilution in an amount that may be material.

We have obtained approval from our stockholders for us to be able to sell, subject to the condition that the maximum number of shares salable below net asset value pursuant to this authority in any particular offering that could result in such dilution is limited to 25% of our then outstanding common stock immediately prior to each such offering, shares of our common stock at any level of discount from NAV per share in certain circumstances during the one-year period ending on September 4, 2013, as described in this prospectus supplement and in the accompanying prospectus. The issuance or sale by us of shares of our common stock at a discount to net asset value poses a risk of dilution to our stockholders. In particular, stockholders who do not purchase additional shares of common stock at or below the discounted price in proportion to their current ownership will experience an immediate decrease in NAV per share (as well as in the aggregate NAV of their shares of common stock if they do not participate at all). These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we experience in our assets, potential earning power and voting interests from such issuance or sale. In addition, such sales may adversely affect the price at which our common stock trades.

Senior securities, including debt, expose us to additional risks, including the typical risks associated with leverage.

We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities, up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after each issuance of senior securities. If the value of our assets declines, we may be unable to maintain asset coverage above the 200% level. If that happens, the contractual arrangements governing these securities may require us to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous.

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The amount of leverage that we employ will depend on our investment advisers and our Board of Directors' assessment of market conditions and other factors at the time of any proposed borrowing. There is no assurance that a leveraging strategy will be successful. Leverage involves risks and special considerations for stockholders, including:

A likelihood of greater volatility in the net asset value and market price of our common stock;

Diminished operating flexibility as a result of asset coverage or investment portfolio composition requirements required by lenders or investors that are more stringent than those imposed by the 1940 Act;

The possibility that investments will have to be liquidated at less than full value or at inopportune times to comply with debt covenants or to pay interest or dividends on the leverage;

Increased operating expenses due to the cost of leverage, including issuance and servicing costs;

Convertible or exchangeable securities issued in the future may have rights, preferences and privileges more favorable than those of our common stock; and

Subordination to lenders' superior claims on our assets as a result of which lenders will be able to receive proceeds available in the case of our liquidation before any proceeds will be distributed to our stockholders.

For example, the amount we may borrow under our Senior Secured Facility is determined, in part, by the fair value of our investments. If the fair value of our investments declines, we may be forced to sell investments at a loss to maintain compliance with our borrowing limits. Other forms of leverage we may enter into in the future may contain similar provisions. Any such forced sales would reduce our net asset value and also make it difficult for the net asset value to recover. Our investment adviser and our Board of Directors in their best judgment nevertheless may determine to use leverage if they expect that the benefits to our stockholders of maintaining the leveraged position will outweigh the risks.

The following table is designed to illustrate the effect on return to a holder of our common stock of the leverage created by our use of borrowing and potential issuance of preferred stock, at the weighted average annual interest rate of 4.50% for the nine months ended December 31, 2012, and assuming the same average dividend rate on any preferred stock that we might issue and hypothetical annual returns on our portfolio of minus 10 to plus 10 percent. As can be seen, leverage generally increases the return to stockholders when the portfolio return is positive and decreases the return when the portfolio return is negative. Actual returns may be greater or less than those appearing in the table.

Assumed Return on Portfolio (net of expenses) (1)	-10.0%	-5.0%	0%	5.0%	10%
Corresponding Return to Common Stockholders (2)	(19.9)%	(11.5)%	(3.1)%	5.3%	13.7%

(1) The assumed portfolio return is required by regulation of the SEC and is not a prediction of, and does not represent, our projected or actual performance.

(2) In order to compute the Corresponding Return to Common Stockholders, the Assumed Return on Portfolio is multiplied by the total value of our assets at the beginning of the period to obtain an assumed return to us. From this amount, all interest expense accrued during the period is subtracted to determine the return available to stockholders. The return available to stockholders is then divided by the total value of our net assets as of the beginning of the period to determine the Corresponding Return to Common Stockholders.

Table of Contents**SENIOR SECURITIES**

Information about our senior securities is shown in the following table as of each year ended March 31 since Apollo Investment commenced operations, unless otherwise noted. The **(1)** 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)
			(in thousands)	
Senior Secured Facility				
Fiscal 2013 (through December 31, 2012)	\$ 420,944	\$ 1,046	\$	N/A
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 2013 (through December 31, 2012)	\$ 270,000	\$ 671	\$	N/A
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 2013 (through December 31, 2012)	\$ 150,000	\$ 373	\$	142,200
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
Convertible Notes				
Fiscal 2013 (through December 31, 2012)	\$ 200,000	\$ 497	\$	N/A
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.

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- (2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by \$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.

- (4) Not applicable for Senior Secured Facility, Senior Secured Notes and Convertible Notes as they are not registered for public trading.

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USE OF PROCEEDS

The net proceeds from the sale of the 19,000,000 shares of our common stock in this offering, after deducting estimated expenses of this offering payable by us, will be approximately \$158.1 million (or \$181.9 million, if the underwriters exercise their option to purchase the additional shares in full).

We expect to use the net proceeds from selling shares of our common stock in this offering to repay indebtedness owed under our Senior Secured Facility.

At May 13, 2013, we had approximately \$545.7 million outstanding under our Senior Secured Facility. The remaining capacity under the Senior Secured Facility was \$594.3 million at May 13, 2013. On May 23, 2012, Apollo Investment amended and restated its Senior Secured Facility. The Senior Secured Facility extends the lenders' commitments totaling approximately \$1.14 billion through May 2015, and allows Apollo Investment to seek additional commitments from new and existing lenders in the future, up to an aggregate facility size not to exceed \$1.71 billion. The Senior Secured Facility is secured by substantially all of the assets in Apollo Investment's portfolio, including cash and cash equivalents. The final maturity date of the Senior Secured Facility is May 23, 2016. Commencing June 23, 2015, Apollo Investment is required to repay, in twelve consecutive monthly installments of equal size, the outstanding amount under the Senior Secured Facility as of May 23, 2015. Pricing for Alternate Base Rate (ABR) borrowings will be 125 basis points over the applicable Prime Rate and pricing for eurocurrency borrowings will be 225 basis points over the LIBOR Rate. Terms used in the foregoing sentence have the meanings set forth in the Senior Secured Facility.

Affiliates of the underwriters are lenders under the Senior Secured Facility. Accordingly, affiliates of the underwriters will receive the net proceeds of this offering.

Table of Contents**PRICE RANGE OF COMMON STOCK**

Our common stock is traded on the NASDAQ Global Select Market under the symbol AINV. The following table lists the high and low closing sale price for our common stock, the closing sale price as a percentage of net asset value, or NAV, and quarterly dividends per share since shares of our common stock began being regularly quoted on NASDAQ. The last reported closing market price of our common stock on May 14, 2013 was \$8.87 per share. As of May 13, 2013, we had 98 stockholders of record.

	NAV Per Share (1)	Closing Sales Price Per Share		Premium or Discount of High Sales Price to NAV (2)	Premium or Discount of Low Sales Price to NAV (2)	Dividends Per Share
		High	Low			
Fiscal Year Ending March 31, 2014						
First Fiscal Quarter (April 1, 2013 through May 14, 2013)	**	\$ 8.87	\$ 8.06	**	**	\$ 0.20
Fiscal Year Ending March 31, 2013						
Fourth Fiscal Quarter	**	\$ 9.01	\$ 8.23	**	**	\$ 0.20
Third Fiscal Quarter	\$ 8.14	\$ 8.47	\$ 7.29	4%	(11)%	\$ 0.20
Second Fiscal Quarter	\$ 8.46	\$ 8.30	\$ 7.57	(2)%	(11)%	\$ 0.20
First Fiscal Quarter	\$ 8.30	\$ 7.67	\$ 6.59	(8)%	(21)%	\$ 0.20
Fiscal Year Ending March 31, 2012						
Fourth Fiscal Quarter	\$ 8.55	\$ 8.00	\$ 6.44	(6)%	(25)%	\$ 0.20
Third Fiscal Quarter	\$ 8.16	\$ 8.55	\$ 5.99	5%	(27)%	\$ 0.28
Second Fiscal Quarter	\$ 8.12	\$ 10.60	\$ 7.39	31%	(9)%	\$ 0.28
First Fiscal Quarter	\$ 9.76	\$ 12.23	\$ 9.71	25%	(1)%	\$ 0.28
Fiscal Year Ending March 31, 2011						
Fourth Fiscal Quarter	\$ 10.03	\$ 12.40	\$ 11.17	24%	11%	\$ 0.28
Third Fiscal Quarter	\$ 9.73	\$ 11.56	\$ 10.20	19%	5%	\$ 0.28
Second Fiscal Quarter	\$ 9.58	\$ 10.65	\$ 9.18	11%	(4)%	\$ 0.28
First Fiscal Quarter	\$ 9.51	\$ 13.57	\$ 9.33	43%	(2)%	\$ 0.28
Fiscal Year Ending March 31, 2010						
Fourth Fiscal Quarter	\$ 10.06	\$ 12.73	\$ 9.82	27%	(2)%	\$ 0.28
Third Fiscal Quarter	\$ 10.40	\$ 10.12	\$ 8.81	(3)%	(15)%	\$ 0.28
Second Fiscal Quarter	\$ 10.29	\$ 10.31	\$ 5.18	0%	(50)%	\$ 0.28
First Fiscal Quarter	\$ 10.15	\$ 7.02	\$ 3.97	(31)%	(61)%	\$ 0.26
Fiscal Year Ending March 31, 2009						
Fourth Fiscal Quarter	\$ 9.82	\$ 9.76	\$ 2.05	(1)%	(79)%	\$ 0.26
Third Fiscal Quarter	\$ 9.87	\$ 15.85	\$ 6.08	61%	(38)%	\$ 0.52
Second Fiscal Quarter	\$ 13.73	\$ 17.99	\$ 13.11	31%	(5)%	\$ 0.52
First Fiscal Quarter	\$ 15.93	\$ 18.59	\$ 14.33	17%	(10)%	\$ 0.52

(1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.

(2) Calculated as of the respective high or low closing sales price per share divided by the quarter end NAV per share.

** NAV not yet determined.

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The Statement of Operations, Per Share and Balance Sheet data for the fiscal years ended March 31, 2012, 2011, 2010, 2009 and 2008 are derived from our financial statements, which have been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm. Quarterly financial information is derived from unaudited financial data, but in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results of such interim periods. Interim results for the three and nine months ended December 31, 2012 are not necessarily indicative of the results that may be expected for the year ending March 31, 2013.

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

Statement of Operations Data:	For the Three Months Ended December 31, (unaudited)		For the Nine Months Ended December 31, (unaudited)		For the Year Ended March 31,				
	2012	2011	2012	2011	2012	2011	2010	2009	2008
Total Investment Income	\$ 83,212	\$ 83,815	\$ 247,377	\$ 272,388	\$ 357,584	\$ 358,779	\$ 340,238	\$ 377,304	\$ 357,878
Total Expenses (including excise taxes)	\$ 41,132	\$ 45,277	\$ 122,083	\$ 140,656	\$ 184,842	\$ 167,607	\$ 140,828	\$ 170,973	\$ 156,272
Net Investment Income	\$ 42,080	\$ 38,538	\$ 125,294	\$ 131,732	\$ 172,742	\$ 191,172	\$ 199,410	\$ 206,331	\$ 201,606
Net Realized and Unrealized Gains (Losses)	\$ (64,824)	\$ 25,159	\$ (86,643)	\$ (335,229)	\$ (259,006)	\$ (10,760)	\$ 63,880	\$ (818,210)	\$ (235,044)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ (22,744)	\$ 63,697	\$ 38,651	\$ (203,497)	\$ (86,264)	\$ 180,412	\$ 263,290	\$ (611,879)	\$ (33,438)
Per Share Data									
Net Asset Value	\$ 8.14	\$ 8.16	\$ 8.14	\$ 8.16	\$ 8.55	\$ 10.03	\$ 10.06	\$ 9.82	\$ 15.83
Net Investment Income	\$ 0.21	\$ 0.20	\$ 0.62	\$ 0.67	\$ 0.88	\$ 0.99	\$ 1.26	\$ 1.48	\$ 1.82
Net Increase (Decrease) in Net Assets Resulting from Operations (Basic and Diluted)	\$ (0.11)	\$ 0.32	\$ 0.19	\$ (1.03)	\$ (0.44)	\$ 0.93	\$ 1.65	\$ (4.39)	\$ (0.30)
Distributions Declared	\$ 0.20	\$ 0.20	\$ 0.60	\$ 0.84	\$ 1.04	\$ 1.12	\$ 1.10	\$ 1.82	\$ 2.07
Balance Sheet Data:									
Total Assets	\$ 2,779,498	\$ 2,942,936	\$ 2,779,498	\$ 2,942,936	\$ 2,775,263	\$ 3,148,813	\$ 3,465,116	\$ 2,548,639	\$ 3,724,324
Borrowings Outstanding	\$ 1,040,944	\$ 1,213,185	\$ 1,040,944	\$ 1,213,185	\$ 1,009,337	\$ 1,053,443	\$ 1,060,616	\$ 1,057,601	\$ 1,639,122
Total Net Assets	\$ 1,652,147	\$ 1,607,407	\$ 1,652,147	\$ 1,607,407	\$ 1,685,231	\$ 1,961,031	\$ 1,772,806	\$ 1,396,138	\$ 1,897,908
Other Data:									
Total Return (1)	8.47%	(22.19)%	25.2%	(40.8)%	(32.4)%	5.1%	313.0%	(73.9)%	(17.5)%
Number of Portfolio Companies at Period End	71	67	71	67	62	69	67	72	71
Total Portfolio Investments for the Period	\$ 515,493	\$ 94,808	\$ 1,109,290	\$ 1,333,476	\$ 1,480,508	\$ 1,085,601	\$ 716,425	\$ 434,995	\$ 1,755,913
Investment Sales and Prepayments for the Period	\$ 510,856	\$ 173,944	\$ 1,108,555	\$ 1,282,605	\$ 1,634,520	\$ 997,493	\$ 451,687	\$ 339,724	\$ 714,225
Weighted Average Yield on Debt Portfolio at Period End	11.9%	11.7%	11.9%	11.7%	11.9%	11.6%	11.8%	11.7%	12.0%
Weighted Average Shares Outstanding at Period End (Basic) (2)	202,891	197,022	202,870	196,432	196,584	193,192	159,369	139,469	112,050

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

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- (2) Weighted Average Shares Outstanding on a diluted basis for the three months ended December 31, 2012 were 217,440. Weighted Average Shares Outstanding on a diluted basis for the three months ended December 31, 2011 were 211,570. Weighted Average Shares Outstanding on a diluted basis for the nine months ended December 31, 2012 were 217,418. Weighted Average Shares Outstanding on a diluted basis for the nine months ended December 31, 2011 were 210,980. Weighted Average Shares Outstanding on a diluted basis for the fiscal year ended March 31, 2012 were 211,132. Weighted Average Shares Outstanding on a diluted basis for the fiscal year ended March 31, 2011 were 195,823. For the fiscal years ended 2010, 2009 and 2008, basic and diluted weighted average shares were the same.

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Table of Contents**CAPITALIZATION**

The following table sets forth our cash and capitalization as of December 31, 2012 (1) on an actual basis and (2) on an as adjusted basis giving effect to the sale of 19,000,000 shares of our common stock at a price of \$8.60 per share less expenses. You should read this table together with Use of Proceeds and Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in this prospectus supplement and our financial statements and notes thereto, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included in the accompanying base prospectus. The adjusted information is illustrative only; our capitalization following the completion of this offering is subject to adjustment based on the actual public offering price of our common stock and the actual number of shares of common stock we sell in this offering, both of which will be determined at pricing.

All amounts in thousands, except share data

	As of December 31, 2012	
	Actual	As Adjusted for this Offering (1)
Cash and cash equivalents	\$ 43,690	\$ 43,690
Total assets	\$ 2,779,498	\$ 2,779,498
Borrowings under Senior Secured Facility (2)	\$ 420,944	\$ 262,796
Senior Secured Notes	270,000	270,000
Unsecured Notes	350,000	350,000
Total Debt	1,040,944	882,796
Common stock, par value \$0.001 per share; 400,000,000 shares authorized, 202,891,351 shares issued and outstanding, 221,891,351 shares issued and outstanding, as adjusted, respectively	203	222
Capital in excess of par value	2,936,321	3,094,450
Distributable earnings (3)	(1,284,378)	(1,284,378)
Total stockholders' equity	1,652,146	1,810,294
Total capitalization	\$ 2,693,090	\$ 2,693,090

(1) Does not include the underwriters' option to purchase additional shares.

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

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

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FORWARD-LOOKING STATEMENTS

Some of the statements in this prospectus supplement constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained in this prospectus supplement 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 or have made;

our contractual arrangements and relationships with third parties;

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

the ability of our portfolio companies to achieve their objectives;

our expected financings and investments;

the adequacy of our cash resources and working capital; and

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

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

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

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

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

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, 2012, we have raised approximately \$1.9 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, EURIBOR, 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 payments-in-kind (PIK) interest or dividends. Such amounts of accrued PIK interest or dividends are added to the cost of the investment on the respective capitalization dates and generally become due at maturity of the investment or upon the investment being called by the issuer. We may also generate revenue in the form of commitment, origination, structuring fees, fees for providing managerial assistance and, if applicable, consulting fees.

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;

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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 Apollo Administration 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.

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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.

Portfolio and Investment Activity

During the three months ended December 31, 2012, we invested \$515 million across 16 new and 13 existing portfolio companies, through a combination of primary and secondary market purchases. This compares to investing \$95 million in 3 new and 6 existing portfolio companies for the three months ended December 31, 2011. Investments sold or repaid during the three months ended December 31, 2012 totaled \$511 million versus \$175 million for the three months ended December 31, 2011.

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At December 31, 2012, our portfolio consisted of 71 portfolio companies and was invested 40% in senior secured loans, 48% in subordinated debt, 0% in preferred equity, 5% in collateralized loan obligations and 7% in common equity and warrants measured at fair value versus 62 portfolio companies invested 30% in senior secured loans, 60% in subordinated debt, 1% in preferred equity, 0% in collateralized loan obligations and 9% in common equity and warrants, measured at fair value at March 31, 2012.

The weighted average yields on our senior secured loan portfolio, subordinated debt portfolio and total debt portfolio as of December 31, 2012 at our current cost basis were 11.2%, 12.6% and 11.9%, respectively, exclusive of securities on non-accrual status. At December 31, 2011, the yields were 9.7%, 12.6% and 11.7%, respectively, exclusive of securities on non-accrual status.

Since the initial public offering of Apollo Investment in April 2004, and through December 31, 2012, invested capital totaled \$9.9 billion in 204 portfolio companies. Over the same period, Apollo Investment completed transactions with more than 100 different financial sponsors.

At December 31, 2012, 61% or \$1.4 billion of our income-bearing investment portfolio is fixed rate and 39% or \$0.9 billion was floating rate, measured at fair value. On a cost basis, 61% or \$1.5 billion of our income-bearing investment portfolio was fixed rate and 39% or \$1.0 billion was floating rate at December 31, 2012. At March 31, 2012, 67% or \$1.6 billion of our income-bearing investment portfolio was fixed rate and 33% or \$0.8 billion is floating rate, measured at fair value. On a cost basis, 65% or \$1.7 billion of our income-bearing investment portfolio was fixed rate and 35% or \$0.9 billion was floating rate at March 31, 2012.

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 senior secured debt, subordinated 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.

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

- (1) our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals of our investment adviser 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 the fair value of each investment in our portfolio in good faith based on the input of our investment adviser, the respective independent valuation firm 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, 2012, there was no change to Apollo Investment's valuation techniques 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 Apollo Investment 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.

Table of Contents***Revenue Recognition***

Apollo Investment records interest and dividend income, adjusted for amortization of premium and accretion of discount, on an accrual basis. Some of our loans and other investments, including certain preferred equity investments, may have contractual PIK interest or dividends. PIK interest and dividends computed at the contractual rate are accrued into income and reflected as receivable up to the capitalization date. PIK investments offer issuers the option at each payment date of making payments in cash or in additional securities. When additional securities are received, they typically have the same terms, including maturity dates and interest rates as the original securities issued. On these payment dates, Apollo Investment 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 Apollo Investment 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. Apollo Investment 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 Apollo Investment again believes that PIK is expected to be realized. For the three and nine 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. 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 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 penalties. 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.

RESULTS OF OPERATIONS

Results comparisons are for the three and nine months ended December 31, 2012 and December 31, 2011.

Investment Income

For the three and nine months ended December 31, 2012, gross investment income totaled \$83.2 million and \$247.4 million, respectively. For the three and nine months ended December 31, 2011, gross investment income totaled \$83.8 million and \$272.4 million, respectively. The decrease in gross investment income for the

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three and nine months ended December 31, 2012 as compared to the three and nine months ended December 30, 2011 was primarily due to a smaller portfolio base coupled with a change to the portfolio yield due to the repositioning of the portfolio up the capital structure of portfolio companies for both periods.

Expenses

Expenses totaled \$41.1 million and \$122.1 million, respectively, for the three and nine months ended December 31, 2012, of which \$23.5 million and \$70.3 million, respectively, were base management fees and performance-based incentive fees and \$14.7 million and \$42.8 million, respectively, were interest and other debt expenses. Administrative services and other general and administrative expenses totaled \$3.0 million and \$9.1 million, respectively, for the three and nine months ended December 31, 2012. Expenses totaled \$45.3 million and \$140.7 million, respectively, for the three and nine months ended December 31, 2011, of which \$24.3 million and \$75.6 million, respectively, were base management fees and performance-based incentive fees and \$16.9 million and \$50.2 million, respectively, were interest and other debt expenses. Administrative services and other general and administrative expenses totaled \$4.0 million and \$14.9 million, respectively, for the three and nine months ended December 31, 2011. Expenses consist of base investment advisory and management fees, insurance expenses, administrative services fees, legal fees, directors' fees, audit and tax services expenses, and other general and administrative expenses. The decline in expenses for the three and nine months ended December 31, 2012 compared to the three and nine months ended December 31, 2011 was due to multiple factors including a smaller portfolio base and the AIM fee waiver which resulted in lower base management fees. Additionally, the average debt outstanding in the comparable periods was lower in 2012 which resulted in lower interest and debt costs in the comparable periods for 2012. Partially offsetting this decrease was \$1.1 million in net non-recurring expenses relating to the refinancing of our Senior Secured Facility in the June 2012 quarter. In addition, in the nine month period ended December 31, 2011, Apollo Investment recognized approximately \$4.0 million in net non-recurring expenses, including legal and other professional expenses of \$4.7 million net of a non-recurring reduction of administrative expenses.

Net Investment Income

Apollo Investment's net investment income totaled \$42.1 million and \$125.3 million, or \$0.21 and \$0.62, on a per average share basis, respectively, for the three and nine months ended December 31, 2012. Apollo Investment's net investment income totaled \$38.5 million and \$131.7 million, or \$0.20 and \$0.67, per average basic share, respectively, for the three and nine months ended December 31, 2011. For the nine months ended December 31, 2012, the \$125.3 million was net of \$1.1 million of net non-recurring expenses relating to the refinancing of our Senior Secured Facility.

Net Realized Losses

Apollo Investment had investment sales, prepayments and refinancing totaling \$510.9 million and \$1,108.6 million respectively, for the three and nine months ended December 31, 2012. Apollo Investment had investment sales and prepayments totaling \$175 million and \$1.3 billion, respectively, for the three and nine months ended December 31, 2011. Net realized losses for the three and nine months ended December 31, 2012 were \$9.3 million and \$68.7 million, respectively. Net realized losses for the three and nine months ended December 31, 2011 were \$275.0 million and \$341.1 million, respectively. Net realized losses for the three months ended December 31, 2012 were primarily driven from the partial sale of investments in Cengage Learning Acquisitions, Inc. which was partially offset by realized gains from various other investments. 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 the sale of our investments in 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 reversed out previously reported unrealized losses. Net realized losses for the three and nine month periods ended December 31, 2011 were primarily derived from the exits of select investments, specifically Grand Prix Holdings, which accounted for \$274 million of the realized loss totals, but also included Playpower Holdings, TL Acquisitions and FSC Holdings. The realized losses incurred upon the exit of these investments reversed out previously reported unrealized losses.

Table of Contents***Net Unrealized Appreciation (Depreciation) on Investments, Cash Equivalents and Foreign Currencies***

For the three and nine months ended December 31, 2012, net change in unrealized depreciation on Apollo Investment's investments, cash equivalents, foreign currencies and other assets and liabilities totaled (\$55.5) million and (\$17.9) million, respectively. For the three and nine months ended December 31, 2011, net change in unrealized depreciation on Apollo Investment's investments, cash equivalents, foreign currencies and other assets and liabilities totaled \$300.2 million and \$5.9 million, respectively. For the three and nine months ended December 31, 2012, the net change in unrealized 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 three months ended December 31, 2011, the net positive change in unrealized depreciation was mainly derived from the reclassification of \$274 million of previously recognized unrealized depreciation on our investment in Grand Prix Holdings to a realized loss. For the nine months ended December 31, 2011, the positive change in unrealized depreciation was comprised of the impact from Grand Prix Holdings together with the general decline in capital market conditions during the period.

Net Increase (Decrease) in Net Assets From Operations

For the three months ended December 31, 2012, Apollo Investment had a net decrease in net assets resulting from operations of \$22.7 million. For the nine months ended December 31, 2012, Apollo Investment had a net increase in net assets resulting from operations of \$38.7 million. For the three months ended December 31, 2011, Apollo Investment had a net increase in net assets resulting from operations of \$63.7 million. For the nine months ended December 31, 2011, Apollo Investment had a net decrease in net assets resulting from operations of \$203.5 million. For the three months ended December 31, 2012, basic and diluted losses per average share were \$0.11 and \$0.11, respectively. For the nine months ended December 31, 2012, basic and diluted earnings per average share were \$0.19 and \$0.19, respectively. For the three months ended December 31, 2011 basic and diluted earnings per average share were \$0.32 and \$0.31, respectively. For the nine months ended December 31, 2011, basic and diluted losses per average share were \$1.04 and \$1.04, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Apollo Investment's liquidity and capital resources are generated and generally available through periodic follow-on equity and debt offerings, our \$1.14 billion Senior Secured Facility maturing on May 23, 2016 (see note 10 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. Apollo Investment 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, Apollo Investment 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 Apollo Investment'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 Apollo Investment has not yet collected the cash. For the three and nine 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. For the three and nine months ended December 31, 2011, accrued PIK totaled \$4.7 million and \$13.1 million, respectively, on total investment income of \$83.8 million and \$272.4 million, respectively. At December 31, 2012, Apollo Investment had \$421 million in borrowings outstanding on its Senior Secured Facility and \$719 million of unused capacity. As of December 31, 2012, aggregate lender commitments under the Senior Secured Facility total \$1.14 billion.

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On September 30, 2010, Apollo Investment entered into a note purchase agreement with certain institutional accredited investors providing for a private placement issuance of \$225 million in aggregate principal amount of five-year, senior secured notes with a 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, or the Securities Act. 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 and/or commitments on Apollo Investment's then existing facility.

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. 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 Apollo Investment'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 Apollo Investment'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.

On August 11, 2011, Apollo Investment 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 Exchange Act. Apollo Investment'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 Apollo Investment will have the authority under the terms and limitations specified in the plan to repurchase shares on Apollo Investment'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, 2012, no shares have been repurchased.

On September 29, 2011, Apollo Investment closed a private offering of \$45 million aggregate principal amount of Senior Secured Notes consisting of two series: (1) 5.875% Senior Secured Notes, Series A, of Apollo Investment due September 29, 2016 in the aggregate principal amount of \$29 million; and (2) 6.250% Senior Secured Notes, Series B, of Apollo Investment 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.

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In April 2012, Apollo Investment announced that a subsidiary of Apollo Global Management, LLC purchased 5,847,953 newly issued shares of Apollo Investment based on the NAV as of March 31, 2012 of \$8.55 per share. AIC's Investment Advisor, Apollo Investment Management, L.P., or AIM, is waiving the base management and incentive fees associated with this equity capital for a one year period between April 2, 2012 and April 1, 2013.

On October 9, 2012, we 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 a rate of 6.625% per year, commencing on January 15, 2013. The 2042 Notes mature on October 15, 2042. Apollo Investment may redeem the 2042 Notes in whole or in part at any time or from time to time on or after October 15, 2017.

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(m) 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, 2012.

Contractual Obligations**Payments due by Period as of December 31, 2012 (dollars in millions)**

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Senior Secured Facility (1)	\$ 421	\$	\$ 246	\$ 175	\$
Senior Secured Notes	\$ 225	\$	\$ 225	\$	\$
Senior Secured Notes (Series A)	\$ 29	\$	\$	\$ 29	\$
Senior Secured Notes (Series B)	\$ 16	\$	\$	\$	\$ 16
2042 Notes	\$ 150	\$	\$	\$	\$ 150
Convertible Notes	\$ 200	\$	\$	\$ 200	\$

(1) At December 31, 2012, the Senior Secured Facility had \$719 million of unused capacity.

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 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.

Table of Contents***Off-Balance Sheet Arrangements (dollars in thousands)***

As of December 31, 2012, Apollo Investment had outstanding commitments with banks to purchase secured term loans and unsecured bridge loans in the aggregate amount of \$158,353. 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.

As of February 5, 2013, the outstanding commitments with banks to purchase secured term loans and unsecured bridge loans in the aggregate was \$137,475.

Apollo Investment had unfunded commitments on senior loans as of December 31, 2012, of \$67,156. Apollo Investment also had unfunded commitments on senior loans of \$85,989 which require the borrower to meet certain performance thresholds before Apollo Investment is obligated to fulfill the commitments and those performance thresholds were not met as of December 31, 2012.

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 owns 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. 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 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. Consequently, the maximum exposure on this investment is the amount of our investment in the Junior Note and any additional collateral we determine to post. During the fiscal year ended March 31, 2012, we sold \$47,145 face value of the FDC Loan. As a result of this transaction, as of December 31, 2012, the FDC Loan par balance outstanding is \$52,855, the Junior Note balance is \$21,472 and the Senior Note balance is \$20,283.

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%. As of December 31, 2012, Apollo TXU's notional exposure to the TXU term loan is \$47,471.

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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 matures in September 2013 and pays 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 pay interest at the rate of LIBOR plus 3% per year and matures in June 2015. During the three and nine months ended December 31, 2012, we sold 0 and £0 and 23,383 and £12,465 principal amount of the Boots Term Loans, respectively. At December 31, 2012, there was no outstanding principal balance of the Boots Term Loans with the assets representing the receivable due on the sale of the Boots Term Loans.

We do not consolidate AIC Holdco or its wholly owned subsidiaries and accordingly only the value of our investment in AIC Holdco is included on our statement of assets and liabilities. Our investment in AIC Holdco is valued in accordance with our normal valuation procedures and is based on the values of the underlying assets held by each of Apollo FDC, Apollo TXU and Apollo Boots net of associated liabilities.

The Senior Note, TRS and Acquisition Loan are non-recourse to AIC Holdco, its subsidiaries and us and have standard events of default including failure to pay contractual amounts when due and failure by each of the underlying Apollo special purpose entities to provide additional credit support, sell assets or prepay a portion of its obligations if the value of the FDC Term Loan, the TXU Term Loan or the Boots Term Loans, as applicable, declines below specified levels. We may unwind any of these transactions at any time without penalty. From time to time we may provide additional capital to AIC Holdco for purposes of reserving for or funding margin calls under one or more of the transactions described above among other reasons. During the fiscal year ended March 31, 2009, we provided \$18,480 in additional net capital to AIC Holdco. During the fiscal year ended March 31, 2010, \$9,336 of net capital was returned to us from AIC Holdco. During the fiscal year ended March 31, 2011, \$1,700 of net capital was provided to AIC Holdco. During the fiscal year ended March 31, 2012, \$8,712 of net capital was returned to us from AIC Holdco. During the nine months ended December 31, 2012, \$10,816 of net capital was returned to us from AIC Holdco. The Junior Note and TRS were performing assets as of the date of these financial statements.

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Below is summarized financial information for AIC Holdco as of December 31, 2012 and March 31, 2012 and for the nine months ended December 31, 2012 and 2011 (in thousands).

	December 31, 2012 (unaudited)	March 31, 2012
Assets		
Cash	\$ 10	\$ 15
Apollo FDC ¹	31,779	27,947
Apollo TXU ²	26,641	26,066
Apollo Boots ³	12,128	47,999
Other Assets		2,886
Total Assets	\$ 70,558	\$ 104,913
Liabilities		
Apollo FDC ⁴	\$	\$
Apollo TXU ⁵	11,125	16,045
Apollo Boots ⁶	8,091	29,948
Other Liabilities		2,886
Total Liabilities	\$ 19,216	\$ 48,879
Net Assets		
Apollo FDC	\$ 31,779	\$ 27,947
Apollo TXU	15,516	10,021
Apollo Boots	4,037	18,051
Other	10	15
Total Net Assets	\$ 51,342	\$ 56,034

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	Nine Months Ended December 31, 2012 (unaudited)	Nine Months Ended December 31, 2011 (unaudited)
Net Operating Income (Loss)		
Apollo FDC ⁷	\$ 2,686	\$ 5,126
Apollo TXU ⁷	900	2,480
Apollo Boots ⁷	721	933
Other	(5)	(21)
Total Operating Income	\$ 4,302	\$ 8,518
Net Realized Gain (Loss)		
Apollo Boots	\$ 1,513	\$
Total Net Realized Gain (Loss)	\$ 1,513	\$
Net Change in Unrealized Appreciation / Depreciation		
Apollo FDC	\$ 3,832	\$ (17,458)
Apollo TXU	4,920	(9,464)
Apollo Boots	538	(4,333)
Total Net Change in Unrealized Appreciation / Depreciation	\$ 9,290	\$ (31,255)
Net Income (Loss)⁸		
Apollo FDC	\$ 6,518	\$ (12,332)
Apollo TXU	5,820	(6,984)
Apollo Boots	2,772	(3,400)
Other	(5)	(21)
Total Net Income (Loss)	\$ 15,105	\$ (22,737)

- (1) Includes fair value of the Junior Note held by Apollo FDC. Cost: \$21,472 and \$21,472, respectively.
- (2) Represents fair value of collateral posted in relation to the TRS held by Apollo TXU. Cost: \$26,641 and \$26,066, respectively.
- (3) Represents fair value of the Boots Term Loans held by Apollo Boots and fair value of receivable for Boots Term Loans sold during the period. Cost of outstanding par was \$50,109 at March 31, 2012. There was no outstanding principal balance of the Boots Term Loans at December 31, 2012.
- (4) Apollo FDC's interest is subject to a senior note of a separate entity of \$20,283 and \$20,283 at December 31, 2012 and March 31, 2012, respectively; However, Apollo FDC has no liability for such senior note.
- (5) Represents liability on the TRS held by Apollo TXU.
- (6) Represents liability of Apollo Boots on the Acquisition Loan.

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- (7) 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 (to) the swap counterparty of Apollo TXU's obligation to pay interest and its right to receive the proceeds in respect of the reference asset, together with immaterial administrative expenses. In the case of AIC Boots, net operating income consists of interest income on the Boots Term Loans, less interest payments on the Acquisition Loan together with immaterial administrative expenses. There are no management or incentive fees.
- (8) Net income is the sum of operating income, realized gain (loss) and net change in unrealized appreciation / depreciation.

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Dividends

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. Dividends to stockholders for the three and nine months ended December 31, 2011 totaled \$55.2 million or \$0.28 per share, and \$165.0 million or \$0.84 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.

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.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to financial market risks, including changes in interest rates. During the three and nine months ended December 31, 2012, 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. Apollo Investment also has a Senior Secured Facility that is based on floating LIBOR rates. Assuming no changes to our balance sheet as of December 31, 2012, a hypothetical one percent increase in LIBOR on our floating rate assets and liabilities would decrease our earnings by approximately one cent per average share over the next twelve months. Assuming no changes to our balance sheet as of December 31, 2012, a hypothetical two percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by three cents per average share over the next twelve months. Assuming no changes to our balance sheet as of December 31, 2012, a hypothetical three percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by approximately six cents per average share over the next twelve months. However, 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

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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. During the three and nine months ended December 31, 2012, we did not engage in interest rate hedging activities. See Risk Factors Senior securities, including debt, expose us to additional risks, including the typical risks associated with leverage beginning on page S-7 for additional information regarding the risks of leverage.

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SUPPLEMENT TO MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

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

Recent tax legislation generally makes permanent certain reduced tax rates for non-corporate taxpayers that receive so-called **qualified dividend income**. In this regard, it is anticipated that distributions paid by us will generally not be attributable to dividends and, therefore, generally will not qualify for these reduced tax rates.

For taxable years beginning after December 31, 2012, certain U.S. stockholders who are individuals, estates or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare tax on all or a portion of their dividend and other investment income, including dividends received from us and capital gains from the sale or other disposition of our stock.

The following paragraph replaces the third paragraph under the heading **Material U.S. Federal Income Tax Considerations Taxation of Non-U.S. Stockholders** in the accompanying prospectus:

For our taxable years beginning before January 1, 2014 (and, if extended as has happened in the past, for taxable years covered by such extension), properly reported dividends are generally exempt from U.S. federal withholding tax where they (i) are paid in respect of our **qualified net interest income** (generally, our U.S.-source interest income, other than certain contingent interest and interest from obligations of a corporation or partnership in which we are at least a 10% shareholder, reduced by expenses that are allocable to such income) or (ii) are paid in respect of our **qualified short-term capital gains** (generally, the excess of our net short-term capital gain over our long-term capital loss for such taxable year). There can be no assurance that this provision will be extended. In addition, depending on the circumstances, we may report all, some or none of our potentially eligible dividends as such qualified net interest income or as qualified short-term capital gains, and/or treat such dividends, in whole or in part, as ineligible for this exemption from withholding. In order to qualify for the exemption from withholding for qualified net interest income, a non-U.S. stockholder needs to comply with applicable certification requirements relating to its non-U.S. status (including, in general, furnishing an IRS Form W-8BEN or substitute form). In the case of common shares held through an intermediary, the intermediary may withhold even if we report the payment as qualified net interest income or qualified short-term capital gains. Non-U.S. stockholders should contact their intermediaries with respect to the application of these rules to their accounts. There can be no assurance as to what portion of our distributions will qualify for favorable treatment as qualified net interest income or qualified short-term capital gains.

The following paragraph replaces the fifth paragraph under the heading **Material U.S. Federal Income Tax Considerations Taxation of Non-U.S. Stockholders** in the accompanying prospectus:

In addition, after December 31, 2013, withholding at a rate of 30% will be required on dividends in respect of, and after December 31, 2016, withholding at a rate of 30% will be required on gross proceeds from the sale of, shares of our stock held by or through certain foreign financial institutions (including investment funds), unless such institution enters into an agreement with the Secretary of the Treasury to report, on an annual basis, information with respect to shares in, and accounts maintained by, the institution to the extent such shares or accounts are held by certain U.S. persons or by certain non-U.S. entities that are wholly or partially owned by U.S. persons. Accordingly, the entity through which our shares are held will affect the determination of whether such withholding is required. Similarly, dividends in respect of, and gross proceeds from the sale of, our shares held by an investor that is a non-financial non-U.S. entity will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to us that such entity does not have any **substantial U.S. owners** or (ii) provides certain information regarding the entity's **substantial U.S. owners**, which we will in turn provide to the Secretary of the Treasury. Non-U.S. stockholders are encouraged to consult with their tax advisers regarding the possible implications of these rules on their investment in our common stock.

Table of Contents**MANAGEMENT SUPPLEMENT**

The information below replaces in its entirety the information in the accompanying prospectus under the heading *Management Portfolio Managers* and provides biographies of each portfolio manager.

AIM, our investment adviser, is led by John Hannan, James C. Zelter and Edward Goldthorpe. Potential investment opportunities are generally approved by an investment committee comprised of senior personnel across AGM, including Mr. Zelter and Mr. Goldthorpe. The composition of the investment committee and its approval process for the Company's investments may change from time to time. AIM draws upon AGM's more than 20 year history and benefits from the broader firm's significant capital markets, trading and research expertise developed through investments in many core sectors in over 150 companies since inception.

The following individuals (the *Portfolio Managers*) have senior responsibility for the management of our investment portfolio: Edward Goldthorpe, James C. Zelter, Phil Guerin, Justin Sendak and Robert Ruberton. In addition Mr. Zelter and Mr. Goldthorpe are members of the investment committee that generally approves potential investment opportunities for the Company, and Mr. Goldthorpe is also our Chief Investment Officer and has primary responsibility for the day-to-day implementation and management of our investment portfolio.

Other Accounts Managed. As of March 31, 2013, the Portfolio Managers were primarily responsible for the day-to-day portfolio management of the following accounts:

Name of Portfolio Manager	Type of Accounts	Total Number of Accounts Managed	Total Assets (in millions)(1)	Number of Accounts Managed for which Advisory Fee is Based on Performance	Total Assets for which Advisory Fee is Based on Performance (in millions)(2)
Edward Goldthorpe	Registered Investment Companies:	None			
	Other Pooled Investment Vehicles:	8	\$ 2,522	8	\$ 2,522
	Other Accounts:	1	\$ 31	1	\$ 31
James C. Zelter	Registered Investment Companies:	None			
	Other Pooled Investment Vehicles:	None			
	Other Accounts:	None			
Phil Guerin	Registered Investment Companies:	None			
	Other Pooled Investment Vehicles:	None			
	Other Accounts:	None			
Justin Sendak	Registered Investment Companies:	None			
	Other Pooled Investment Vehicles:	None			
	Other Accounts:	None			
Robert Ruberton	Registered Investment Companies:	None			
	Other Pooled Investment	8	\$ 5,202	8	\$ 5,202

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Vehicles:			
Other Accounts:	1	\$	96

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- (1) Total assets represents assets under management as defined by Apollo Global Management, LLC, which includes unfunded commitments.
- (2) Represents the assets under management of the accounts managed that generate incremental fees in addition to management fees.
- Compensation.* AIM's financial arrangements with the Portfolio Managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include base compensation and discretionary compensation.

Base Compensation. Generally, Portfolio Managers receive an annual salary that is consistent with the market rate of annual salaries paid to similarly situated investment professionals.

Discretionary Compensation. Portfolio Managers also receive discretionary compensation generally consisting of two components: an annual bonus and carried interest.

Annual Bonus. Generally, a Portfolio Manager receives an annual bonus based on such person's individual performance, operational performance for the Apollo-advised accounts for which such person serves, and such Portfolio Manager's impact on the overall operating performance and potential to contribute to long-term value and growth. A portion of each annual bonus may be deferred, and, at the discretion of Apollo, may be in the form of cash or equity of an Apollo entity, such as restricted stock units of Apollo Global Management, LLC.

Carried Interest. Generally, a Portfolio Manager receives carried interests with respect to the Apollo-advised accounts for which such person serves as a Portfolio Manager, subject to standard terms and conditions, including vesting.

Material Conflicts of Interest. Actual or apparent conflicts of interest may arise when a Portfolio Manager has day-to-day management responsibilities with respect to more than one fund or other account.

Certain inherent conflicts of interest arise from the fact that the Portfolio Managers, AIM and its affiliates provide investment management services both to us and the other Apollo-advised accounts, including other funds, client accounts, proprietary accounts and any other investment vehicles that AIM and its affiliates may establish from time to time, in which we will not have an interest. The Portfolio Managers, AIM and its affiliates may give advice and recommend securities to the other Apollo-advised accounts that may differ from advice given to, or securities recommended or bought for, us, even though their investment objectives may be the same or similar to ours.

AIM will seek to manage potential conflicts of interest in good faith; nonetheless, the portfolio strategies employed by the Portfolio Managers, AIM and its affiliates in managing the other Apollo-advised accounts could conflict with the transactions and strategies employed by the Portfolio Managers in managing us and may affect the prices and availability of the securities and instruments in which we invest. Conversely, participation in specific investment opportunities may be appropriate, at times, for both us and the other Apollo-advised accounts. It is the policy of AIM to generally share appropriate investment opportunities (and sale opportunities) with the other Apollo-advised accounts to the extent consistent with applicable legal requirements. In general, this policy will result in such opportunities being allocated pro rata among us and the other Apollo-advised accounts. Nevertheless, investment and/or opportunities may be allocated other than on a pro rata basis, to the extent it is done in good faith and does not, or is not reasonably expected to, result in an improper disadvantage or advantage to one participating Apollo-advised account as compared to another participating Apollo-advised account.

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In the event investment opportunities are allocated among us and the other Apollo-advised accounts, we may not be able to structure its investment portfolio in the manner desired. Although AIM endeavors to allocate investment opportunities in a fair and equitable manner, it is possible that we may not be given the opportunity to participate in certain investments made by the other Apollo-advised accounts or portfolio managers affiliated with AIM. Furthermore, we and the other Apollo-advised accounts may make investments in securities where the prevailing trading activity may make impossible the receipt of the same price or execution on the entire volume of securities purchased or sold by us and the other Apollo-advised accounts. When this occurs, the various prices may be averaged, and we will be charged or credited with the average price. Thus, the effect of the aggregation may operate on some occasions to our disadvantage. In addition, under certain circumstances, we may not be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order.

It is possible that other Apollo-advised accounts may make investments in the same or similar securities at different times and on different terms than us. From time to time, we and the other Apollo-advised accounts may make investments at different levels of an issuer's capital structure or otherwise in different classes of an issuer's securities. Such investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities that may be held by such entities. Conflicts may also arise because portfolio decisions regarding us may benefit the other Apollo-advised accounts. For example, the sale of a long position or establishment of a short position by us may impair the price of the same security sold short by (and therefore benefit) one or more Apollo-advised accounts, and the purchase of a security or covering of a short position in a security by us may increase the price of the same security held by (and therefore benefit) one or more Apollo-advised accounts.

Although the professional staff of AIM will devote as much time to our management as AIM deems appropriate to perform its obligations, the professional staff of AIM may have conflicts in allocating its time and services among us and AIM's other investment vehicles and accounts. AIM and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with us and/or may involve substantial time and resources of AIM and its professional staff. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of AIM and their officers and employees will not be devoted exclusively to our business but will be allocated between our business and the management of the monies of other clients of AIM.

Variation in Compensation. A conflict of interest may arise where the financial or other benefits available to a Portfolio Manager differ among the accounts that he or she manages. If the structure of AIM's management fee or the Portfolio Manager's compensation differs among accounts (such as where certain accounts pay higher management fees or performance based management fees), the Portfolio Managers may be motivated to favor certain accounts over others. The Portfolio Managers also may be motivated to favor accounts in which they have investment interests, or in which AIM or its affiliates have investment interests. Similarly, the desire to maintain assets under management or to enhance a Portfolio Manager's performance record or to derive other rewards, financial or otherwise, could influence the Portfolio Manager in affording preferential treatment to those accounts that could most significantly benefit the Portfolio Manager. For example, as reflected above, if a Portfolio Manager manages accounts which have performance fee arrangements, certain portions of his or her compensation will depend on the achievement of performance milestones on those accounts. The Portfolio Manager could be incented to afford preferential treatment to those accounts and thereby be subject to a potential conflict of interest.

We and AIM have adopted compliance policies and procedures that are reasonably designed to address the various conflicts of interest that may arise for AIM and its staff members. However, there is no guarantee that such policies and procedures will be able to detect and prevent every situation in which an actual or potential conflict may arise.

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Beneficial Ownership of Securities. The following table sets forth the dollar range of our equity securities beneficially owned by each of the Portfolio Managers as of March 31, 2013.

Name of Portfolio Manager	Dollar Range of Equity Securities in Apollo Investment(1)
Edward Goldthorpe	\$100,001 - \$500,000
Phil Guerin	None
Robert Ruberton	\$10,001 - \$50,000
Justin Sendak	\$10,001 - \$50,000
James C. Zelter	over \$1,000,000

(1) Dollar ranges are as follows: None, \$1 - \$10,000, \$10,001 - \$50,000, \$50,001 - \$100,000, \$100,001 - \$500,000, \$500,001 - \$1,000,000 or over \$1,000,000.

Table of Contents**UNDERWRITING**

Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Markets Inc. are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	4,085,000
Citigroup Global Markets Inc.	4,085,000
J.P. Morgan Securities LLC	3,420,000
Morgan Stanley & Co. LLC	1,852,500
RBC Capital Markets, LLC	1,852,500
Barclays Capital Inc.	1,235,000
BMO Capital Markets Corp.	1,235,000
Deutsche Bank Securities Inc.	1,235,000
Total	19,000,000

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

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

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of \$0.1548 per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

	Per Share	Without Option	With Option
Public offering price	\$ 8.60	\$ 163,400,000	\$ 187,910,000
Sales Load (Underwriting Discounts and Commissions)	\$ 0.258	\$ 4,902,000	\$ 5,637,300
Proceeds, before expenses, to Apollo Investment Corporation	\$ 8.342	\$ 158,498,000	\$ 182,272,700

The expenses of the offering, not including the underwriting discount, are estimated at \$350,000 and are payable by us.

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Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus supplement, to purchase up to 2,850,000 additional shares at the public offering price, less the underwriting discount. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, our executive officers and directors, AIM, AIA and certain of the partners and officers of AIM (or any entities through which such partner and officers may invest in our shares) have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, or exercisable for common stock, for 60 days after the date of this prospectus supplement without first obtaining the written consent of the representatives. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly

offer, pledge, sell or contract to sell any common stock,

sell any option or contract to purchase any common stock,

purchase any option or contract to sell any common stock,

grant any option, right or warrant for the sale of any common stock,

lend or otherwise dispose of or transfer any common stock,

request or demand that we file a registration statement related to the common stock, or

enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. In the event that either (x) during the last 17 days of the lock-up period referred to above, we issue an earnings release or material news or a material event relating to the Company occurs or (y) prior to the expiration of the lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the lock-up period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event, as applicable.

Nasdaq Global Select Market Listing

The shares are listed on the Nasdaq Global Select Market under the symbol AINV .

Price Stabilization, Short Positions

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

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In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. Covered short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. Naked short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the Nasdaq Global Select Market, in the over-the-counter market or otherwise.

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

Passive Market Making

In connection with this offering, underwriters and selling group members may engage in passive market making transactions in the common stock on the Nasdaq Global Select Market in accordance with Rule 103 of Regulation M under the Exchange Act during a period before the commencement of offers or sales of common stock and extending through the completion of distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, that bid must then be lowered when specified purchase limits are exceeded. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters and dealers are not required to engage in passive market making and may end passive market making activities at any time.

Electronic Distribution

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their

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customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We intend to use the proceeds of this offering to repay indebtedness owed under our senior secured facility. See Use of Proceeds. The underwriters and their respective affiliates are full service financial institutions engaged in various investment activities. Certain affiliates of the underwriters are lenders under our senior secured facility being repaid and as a result will receive the net proceeds of this offering. Amounts repaid under our senior secured facility will remain available for future borrowings.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date), no offer of shares may be made to the public in that Relevant Member State other than:

- A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- B. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
- C. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that (A) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive, and (B) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors as defined in the Prospectus Directive, or in circumstances in which the prior consent of the representatives has been given to the offer or resale. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

The Company, the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

This prospectus supplement has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Relevant Member State of shares which are the subject of the offering contemplated in this prospectus supplement may only do so in circumstances in which no obligation arises for the Company or any of the

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underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the underwriters have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for the Company or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

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LEGAL MATTERS

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The financial statements as of March 31, 2012 and 2011 and for each of the three years in the period ended March 31, 2012, and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) as of March 31, 2012, have been included in the accompanying base prospectus in reliance upon the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in accounting and auditing.

With respect to the unaudited financial information of Apollo Investment Corporation for the three and nine months ended December 31, 2012 and 2011, included in this prospectus supplement, PricewaterhouseCoopers LLP reported that they have applied limited procedures in accordance with professional standards for a review of such financial information. However, their separate report dated February 6, 2013 appearing herein, states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited financial information because such report is not a report or a part of the registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Securities Act of 1933.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and 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, 2012 and the related statement of operations for the three and nine month periods ended December 31, 2012 and December 31, 2011, and the statement of cash flows for the nine month periods ended December 31, 2012 and December 31, 2011 and the statement of changes in net assets for the nine month period ended December 31, 2012. 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, 2012, 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, 2012, 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, 2012 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, 2013

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

(in thousands, except per share amounts)

	December 31, 2012 (unaudited)	March 31, 2012
Assets		
Non-controlled/non-affiliated investments, at fair value (cost \$2,514,108 and \$2,642,702, respectively)	\$ 2,355,739	\$ 2,490,672
Controlled investments, at fair value (cost \$301,791 and \$208,882, respectively)	271,284	186,408
Cash	41,521	1,665
Foreign currency (cost \$2,168 and \$1,013, respectively)	2,169	1,013
Receivable for investments sold	36,128	19,606
Interest receivable	42,949	54,409
Dividends receivable	1	2,898
Deferred financing costs	28,621	17,309
Prepaid expenses and other assets	1,086	1,283
Total assets	\$ 2,779,498	\$ 2,775,263
Liabilities		
Debt (see note 7, 9 & 10)	\$ 1,040,944	\$ 1,009,337
Payable for investments	4,000	
Dividends payable	40,578	39,409
Management and performance-based incentive fees payable (see note 3)	25,213	24,402
Interest payable	12,078	10,102
Accrued administrative expenses	1,385	3,420
Other liabilities and accrued expenses	3,153	3,362
Total liabilities	\$ 1,127,351	\$ 1,090,032
Net Assets		
Common stock, par value \$.001 per share, 400,000 and 400,000 common shares authorized, respectively, and 202,891 and 197,043 issued and outstanding, respectively	\$ 203	\$ 197
Paid-in capital in excess of par (see note 2f)	2,936,321	2,886,327
Over-distributed net investment income (see note 2f)	(31,337)	(34,896)
Accumulated net realized loss (see note 2f)	(1,064,137)	(995,426)
Net unrealized depreciation	(188,903)	(170,971)
Total net assets	\$ 1,652,147	\$ 1,685,231
Total liabilities and net assets	\$ 2,779,498	\$ 2,775,263
Net asset value per share	\$ 8.14	\$ 8.55

See notes to financial statements.

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

(in thousands, except per share amounts)

	Three months ended		Nine months ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
INVESTMENT INCOME:				
From non-controlled/non-affiliated investments:				
Interest	\$ 73,245	\$ 77,220	\$ 216,157	\$ 238,264
Dividends	84	1,125	2,102	5,410
Other income	5,121	3,521	13,620	16,761
From non-controlled/affiliated investments:				
Interest				899
From controlled investments:				
Interest	2,431	1,297	5,025	2,565
Dividends	2,331	652	10,473	8,489
Total investment income	\$ 83,212	\$ 83,815	\$ 247,377	\$ 272,388
EXPENSES:				
Management fees (see note 3)	\$ 13,456	\$ 14,693	\$ 40,346	\$ 46,171
Performance-based incentive fees (see note 3)	10,047	9,634	29,919	29,398
Interest and other debt expenses	14,651	16,926	42,757	50,222
Administrative services expense	1,118	1,500	2,637	3,887
Other general and administrative expenses	1,860	2,524	6,424	10,978
Total expenses	41,132	45,277	122,083	140,656
Net investment income	\$ 42,080	\$ 38,538	\$ 125,294	\$ 131,732
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, CASH EQUIVALENTS AND FOREIGN CURRENCIES:				
Net realized gain (loss):				
Investments and cash equivalents	\$ (10,366)	\$ (276,031)	\$ (69,380)	\$ (340,621)
Foreign currencies	1,061	1,036	669	(507)
Net realized loss	(9,305)	(274,995)	(68,711)	(341,128)
Net change in unrealized depreciation/appreciation:				
Investments and cash equivalents	(51,309)	298,005	(14,426)	(7,464)
Foreign currencies	(4,210)	2,149	(3,506)	13,363
Net change in unrealized depreciation/appreciation	(55,519)	300,154	(17,932)	5,899
Net realized and unrealized gain (loss) from investments, cash equivalents and foreign currencies	(64,824)	25,159	(86,643)	(335,229)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (22,744)	\$ 63,697	\$ 38,651	\$ (203,497)

EARNINGS GAIN (LOSS) PER SHARE BASIC (see note 5)	\$ (0.11)	\$ 0.32	\$ 0.19	\$ (1.04)
EARNINGS GAIN (LOSS) PER SHARE DILUTED (see note 5)	\$ (0.11)	\$ 0.31	\$ 0.19	\$ (1.04)

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, 2012 (unaudited)	Year ended March 31, 2012
Increase (decrease) in net assets from operations:		
Net investment income	\$ 125,294	\$ 172,742
Net realized loss	(68,711)	(341,443)
Net change in unrealized depreciation/appreciation	(17,932)	82,437
Net increase (decrease) in net assets resulting from operations	38,651	(86,264)
Dividends and distributions to stockholders:		
From net investment income	(121,735)	(172,742)
From other sources		(31,685)
Net dividends and distributions to stockholders:	(121,735)	(204,427)
Capital share transactions:		
Net proceeds from shares sold	50,000	
Less offering costs		(6)
Reinvestment of dividends		14,897
Net increase in net assets from capital share transactions	50,000	14,891
Total decrease in net assets:	(33,084)	(275,800)
Net assets at beginning of period	1,685,231	1,961,031
Net assets at end of period	\$ 1,652,147	\$ 1,685,231
Capital share activity:		
Shares sold	5,847,953	
Shares issued from reinvestment of dividends		1,541,849
Net increase in capital share activity	5,847,953	1,541,849

See notes to financial statements.

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

	Nine months ended December 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase (decrease) in net assets resulting from operations	\$ 38,651	\$ (203,497)
<i>Adjustments to reconcile net increase (decrease) :</i>		
PIK interest and dividends	(15,012)	(11,788)
Net amortization on investments	(18,051)	(14,069)
Amortization of deferred financing costs	7,089	7,530
Increase (decrease) from foreign currency transactions	940	(888)
Net change in unrealized depreciation/(appreciation) on investments, cash equivalents and foreign currencies	17,932	(5,899)
Net realized loss on investments, cash equivalents and foreign currencies	68,711	341,128
<i>Changes in operating assets and liabilities:</i>		
Purchase of investments	(1,109,290)	(1,333,476)
Proceeds from disposition of investments and cash equivalents	1,108,555	1,282,605
Decrease (increase) in interest and dividends receivable	14,357	(9,701)
Decrease in prepaid expenses and other assets	197	66
Increase (decrease) in management and performance-based incentive fees payable	811	(3,226)
Increase in interest payable	1,976	911
(Decrease) increase in accrued expenses and other liabilities	(2,244)	206
Increase (decrease) in payable for investments	4,000	(12,382)
Increase in receivable for investments sold	(16,522)	(68,349)
Net cash provided by (used in) operating activities	\$ 102,100	\$ (30,829)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from the issuance of common stock	\$ 50,000	\$
Offering costs from the issuance of common stock		(6)
Dividends paid in cash	(120,565)	(149,689)
Proceeds from debt	852,939	1,891,011
Payments on debt	(825,063)	(1,717,542)
Due to custodian		2,064
Deferred financing costs paid	(18,400)	(728)
Net cash (used in) provided by financing activities	\$ (61,089)	\$ 25,110
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 41,011	\$ (5,719)
Effect of exchange rates on cash balances	1	
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	\$ 2,678	\$ 6,354
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 43,690	\$ 635

Non-cash financing activities consist of the reinvestment of dividends totaling \$0 and \$14,897 for the nine months ended December 31, 2012 and 2011, respectively.

See notes to financial statements.

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Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited)****December 31, 2012****(in thousands)**

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED INVESTMENTS 142.6%	Industry	Par Amount*	Cost	Fair Value (1)
CORPORATE DEBT 136.4%				
BANK DEBT/SENIOR SECURED LOANS 62.8%				
1st Lien Bank Debt/Senior Secured Loans 18.3%				
Amaya Gaming Group, Inc., L+775 11/05/15	Consumer Products	\$ 15,000	\$ 14,785	\$ 15,075
ATI Acquisition Company, P+1400 (P+1000 Cash / 4.00% PIK), 6/30/12***	Education	4,631	3,895	800
ATI Acquisition Company, P+900 (P+500 Cash / 4.00% PIK), 12/30/14***	Education	15,343	12,596	
Aventine Renewable Energy Holdings, Inc., 12.00%, 9/23/16	Chemicals	3,966	3,850	3,827
Aventine Renewable Energy Holdings, Inc., 10.50% Cash or 15.00% PIK, 9/22/17	Chemicals	11,679	15,773	8,993
Aveta, Inc., L+825, 10/09/17	Healthcare	69,594	67,523	69,594
Dark Castle Holdings, LLC, L+225, 3/25/13	Media	36,920	13,163	11,814
Delta Educational Systems, Inc., 16.00% (8.00% Cash/8.00% PIK), 12/10/2016	Education	5,000	5,000	5,000
Evergreen Tank Solutions, Inc., L+800, 10/26/18	Manufacturing	32,000	31,377	32,000
Garden Fresh Restaurant Corp., L+525 (L+475 Cash/0.5% PIK), 6/11/2013	Retail	2,500	2,500	2,500
Garden Fresh Restaurant Corp., L+625 (L+575 Cash/0.5% PIK), 6/11/2013	Retail	2,500	2,450	2,500
Miller Energy Resources, Inc., 18.00% (15.00% Cash / 3.00% PIK Option), 6/29/17	Energy	40,000	40,000	40,000
Osage Exploration & Development, Inc., L+1500, 4/27/2015	Energy	3,000	2,943	3,000
Panda Sherman Power, LLC, L+750, 9/14/18	Power	15,000	14,783	15,300
Panda Temple Power, LLC, L+1000, 7/17/18	Power	25,500	25,016	25,946
Pelican Energy, LLC, 10.00% or 11.00% PIK, 12/31/2018	Energy	5,647	5,647	5,704
Penton Media, Inc., L+400 (L+300 Cash / 1.00% PIK), 8/1/14	Printing & Publishing	34,908	31,449	31,134
RBS Holding Company, LLC, L+500, 3/23/17	Business Services	15,720	15,600	5,816
Spotted Hawk Development LLC, 14.00% (13.00% Cash/ 1.00% PIK), 6/30/16	Energy	24,003	23,153	22,626
Total 1st Lien Bank Debt/Senior Secured Loans			\$ 331,503	\$ 301,629
2nd Lien Bank Debt/Senior Secured Loans 44.5%				
Advantage Sales & Marketing, Inc., L+775, 6/18/18	Grocery	\$ 38,000	\$ 37,849	\$ 38,190
Allied Security Holdings, LLC, L+825, 2/2/18	Business Services	31,000	30,754	31,155
Brock Holdings III, Inc., L+825, 3/16/18	Environmental & Facilities Services	39,000	38,369	39,341
Cengage Learning Acquisitions Inc., 12.00%, 6/30/19	Education	69,597	59,691	32,015
Clean Earth, Inc., 13.00%, 8/1/14	Environmental & Facilities Services	25,000	25,000	24,750
Confie Seguros II, L+900 11/8/19	Consumer Products	15,000	14,704	15,075

See notes to financial statements.

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Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)**

December 31, 2012

(in thousands)

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED INVESTMENTS 142.6%	Industry	Par Amount*	Cost	Fair Value (1)
2nd Lien Bank Debt/Senior Secured Loans (continued)				
Garden Fresh Restaurant Corp., L+1175 (L+975 Cash/2.00% PIK), 12/11/13	Retail	\$ 46,836	\$ 47,474	\$ 44,494
GCA Services Group, Inc., L+800, 10/11/20	Environmental & Facilities Services	19,547	19,354	19,400
Grocery Outlet Inc., L+925 06/17/19	Grocery	10,500	10,291	10,382
Insight Pharmaceuticals, LLC, L+1175, 8/25/17	Consumer Products	15,448	15,189	15,757
IPC Systems, Inc., L+525, 6/1/15	Telecommunications	44,250	42,601	35,179
Kronos, Inc., L+850, 04/25/20	Electronics	56,358	55,243	56,640
Ozburn-Hessey Holding Company LLC, L+950, 10/8/16	Transportation	25,333	25,308	23,307
PH Holdings LLC, 9.75%, 12/31/17	Homebuilding	20,000	19,616	20,600
Ranpak Corp., L+750, 10/20/17	Packaging	85,000	85,000	84,150
Ranpak Corp., E+775, 10/20/17	Packaging	40,000	58,042	52,736
Sedgwick Holdings, Inc., L+750, 5/26/17	Business Services	\$ 15,225	15,064	15,453
Smart & Final Stores LLC, L+925 11/08/20	Grocery	17,260	16,745	17,174
TransFirst Holdings, Inc., L+600 Cash or L+675 PIK, 6/15/15	Financial Services	61,250	59,415	60,638
U.S. Renal Care, Inc., L+900, 01/03/20	Healthcare	4,910	4,816	4,993
Valerus Compression Services, LP, 11.50%, 3/26/18	Manufacturing	40,000	40,000	41,200
Venoco, Inc., L+700, 6/30/2017	Energy	4,000	3,923	4,110
Vertafore, Inc., L+825, 10/29/17	Business Services	49,260	48,886	49,506
Total 2nd Lien Bank Debt/Senior Secured Loans			\$ 773,334	\$ 736,245
TOTAL BANK DEBT/SENIOR SECURED LOANS			\$ 1,104,837	\$ 1,037,874
Subordinated Debt/Corporate Notes 73.6%				
Advantage Sales & Marketing, Inc., 13.00%, 12/31/18	Grocery	\$ 25,000	\$ 25,000	\$ 24,625
Altegrity Inc., 0.00%, 8/2/16 <i>¿</i>	Diversified Service	3,545	2,287	1,524
Altegrity Inc., 11.75%, 5/1/16 <i>¿</i>	Diversified Service	14,639	11,688	11,052
Altegrity Inc., 12.00%, 11/1/15 <i>¿</i>	Diversified Service	100,000	100,000	89,000
American Tire Distributors, Inc., 11.50%, 6/1/18 <i>¿</i>	Distribution	25,000	25,000	26,280
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+1000 Cash / 4.00% PIK), 12/30/15***	Education	46,690	37,867	
Avaya Inc., 10.125% Cash or 10.875% PIK, 11/1/15	Telecommunications	18,577	16,664	16,719
BCA Osprey II Limited (British Car Auctions), 12.50% PIK, 8/17/17	Transportation	£ 25,609	40,603	37,590

See notes to financial statements.

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Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2012****(in thousands)**

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED INVESTMENTS 142.6%	Industry	Par Amount*	Cost	Fair Value (1)
Subordinated Debt/Corporate Notes (continued)				
BCA Osprey II Limited (British Car Auctions), 12.50% PIK, 8/17/17	Transportation	15,528	\$ 21,487	\$ 18,486
Ceridian Corp., 12.25% Cash or 13.00% PIK, 11/15/15	Diversified Service	\$ 80,950	80,870	81,355
Ceridian Corp., 11.25%, 11/15/15	Diversified Service	35,800	35,816	36,068
Delta Educational Systems, Inc., 16.00% (10.00% Cash/ 6% PIK), 05/12/17	Education	20,171	19,748	18,860
Denver Parent (Venoco), 18.00% 10/03/15	Energy	20,000	20,000	21,200
Exova Limited, 10.50%, 10/15/18 <i>ι</i>	Business Services	£ 18,000	28,823	31,124
Exova Limited, 10.50%, 10/15/18	Business Services	12,655	17,031	21,882
Intelsat Bermuda Ltd., 11.25%, 2/4/17	Broadcasting & Entertainment	\$ 44,000	45,131	46,722
Intelsat Bermuda Ltd., 11.50% Cash or 12.50% PIK, 2/4/17	Broadcasting & Entertainment	20,000	19,895	21,212
inVentiv Health, Inc., 11.00%, 8/15/18	Healthcare	160,000	160,000	138,800
Laureate Education, Inc., 12.75%, 8/15/17 <i>ι</i>	Education	53,540	54,620	57,020
Lonestar Intermediate Super Holdings (Asurion), LLC, L+950, 9/2/19	Insurance	41,922	41,773	44,542
Nara Cable Funding Limited, 8.875%, 12/01/18 <i>ι</i>	Broadcasting & Entertainment	9,284	7,975	9,354
SeaCube Container Leasing Ltd., 11.00%, 4/28/16	Transportation	50,000	50,000	51,500
SquareTwo Financial Corp. (Collect America, Ltd.), 11.625%, 4/1/17	Finance	51,079	49,342	48,525
Texas Competitive Electric Holdings Company LLC, 11.50%, 10/1/20 <i>ι</i>	Utilities	50,000	49,686	39,125
Travelport LLC, 9.875%, 9/1/14	Business Services	19,779	18,934	17,406
Travelport LLC, L+462.5, 9/1/14	Business Services	13,000	11,538	10,660
Univar Inc., 12.00%, 6/30/18	Distribution	78,750	80,251	80,246
U.S. Security Associates Holdings, Inc., 11.00%, 7/28/18	Business Services	135,000	135,000	138,105
Varietal Distribution, 10.75%, 6/30/17	Distribution	5,187	6,379	6,975
Varietal Distribution, 10.75%, 6/30/17	Distribution	\$ 22,204	21,820	22,648
Total Subordinated Debt/Corporate Notes			\$ 1,281,512	\$ 1,215,815
TOTAL CORPORATE DEBT			\$ 2,386,349	\$ 2,253,689
COLLATERALIZED LOAN OBLIGATIONS 1.7%				
Jamestown CLO I LTD, L+550, 11/05/24	Finance	\$ 3,800	\$ 3,367	\$ 3,385
Jamestown CLO I LTD, L+400, 11/05/24	Finance	1,120	1,022	1,034
Jamestown CLO I LTD, Subordinated Notes 11/05/24	Finance		14,032	14,020
Westbrook CLO Ltd., Series 2006-1A, Class E L+370, 12/20/20 <i>ι</i>	Finance	11,000	7,299	9,020
TOTAL COLLATERALIZED LOAN OBLIGATIONS			\$ 25,720	\$ 27,459

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2012****(in thousands, except shares)**

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED INVESTMENTS 142.6%	Industry	Shares	Cost	Fair Value (1)
<u>PREFERRED EQUITY 0.7%</u>				
AHC Mezzanine LLC (Advanstar) **	Media		\$ 1,063	\$ 215
CA Holding, Inc. (Collect America, Ltd.) Series A **	Finance	7,961	788	1,592
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), 13.50% PIK, 5/12/14 ***	Education	12,360	27,685	6,929
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), 12.50% PIK (Convertible) ***	Education	332,500	6,863	
Varietal Distribution Holdings, LLC, 8.00% PIK	Distribution	3,097	4,790	2,668
TOTAL PREFERRED EQUITY			\$ 41,189	\$ 11,404
<u>EQUITY 3.8%</u>				
<u>Common Equity/Interests 3.3%</u>				
Accelerate Parent Corp. (American Tire) **	Distribution	3,125,000	\$ 3,125	\$ 3,720
Altegrity Holding Corp. **	Diversified Service	353,399	13,797	2,609
Aventine Renewable Energy Holdings, Inc.**	Chemicals	262,036	4,684	3,182
CA Holding, Inc. (Collect America, Ltd.) Series A **	Finance	25,000	2,500	2,498
CA Holding, Inc. (Collect America, Ltd.) Series AA **	Finance	4,294	429	859
Clothesline Holdings, Inc. (Angelica Corporation) **	Healthcare	6,000	6,000	2,879
Explorer Coinvest LLC (Booz Allen) **	Consulting Services	430	3,322	5,567
Garden Fresh Restaurant Holding, LLC **	Retail	50,000	5,000	702
Gryphon Colleges Corporation (Delta Educational Systems, Inc.)**	Education	17,500	175	
GS Prysmian Co-Invest L.P. (Prysmian Cables & Systems) (2,3) **	Manufacturing			164
JV Note Holdco LLC (DSI Renal Inc.) **	Healthcare	9,303	85	89
Penton Business Media Holdings, LLC **	Printing & Publishing	124	4,950	11,521
RC Coinvestment, LLC (Ranpak Corp.) **	Packaging	50,000	5,000	8,151
Sorenson Communications Holdings, LLC Class A **	Consumer Products	454,828	45	1,530
Univar Inc. **	Distribution	900,000	9,000	11,310
Varietal Distribution Holdings, LLC Class A **	Distribution	28,028	28	
Total Common Equity/Interests			\$ 58,140	\$ 54,781

See notes to financial statements.

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Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2012****(in thousands, except shares and warrants)**

INVESTMENTS IN NON-CONTROLLED/ NON-AFFILIATED INVESTMENTS 142.6%	Industry	Warrants	Cost	Fair Value (1)
Warrants 0.5%				
CA Holding, Inc. (Collect America, Ltd.), Common **	Finance	7,961	\$ 8	\$
Fidji Luxco (BC) S.C.A., Common (FCI) (2) **	Electronics	24,862	250	5,942
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. **	Energy	1,496,843		1,087
Spotted Hawk Development LLC, Common **	Energy	54,545	852	1,377
Total Warrants			\$ 2,710	\$ 8,406
TOTAL EQUITY			\$ 60,850	\$ 63,187
Total Investments in Non-Controlled/ Non-Affiliated Investments			\$ 2,514,108	\$ 2,355,739

See notes to financial statements.

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Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)**

December 31, 2012

(in thousands, except shares)

	Industry	Par Amount*	Cost	Fair Value (1)
INVESTMENTS IN CONTROLLED INVESTMENTS 16.4% (4)				
<u>CORPORATE DEBT 3.2%</u>				
<u>2nd Lien Bank Debt/Senior Secured Loans 0.6%</u>				
LVI Services, Inc., 12.50%, 03/06/2018	Environmental & Facilities Services	\$ 10,000	\$ 9,808	\$ 9,900
Total 2nd Lien Bank Debt/Senior Secured Loans			\$ 9,808	\$ 9,900
<u>Subordinated Debt/Corporate Notes 2.6%</u>				
Playpower Holdings Inc., 14.00% PIK, 12/15/15	Leisure Equipment	18,427	\$ 24,468	\$ 23,991
Playpower, Inc., 12.50% PIK, 12/31/15	Leisure Equipment	£ 11,942	18,222	19,169
Total Subordinated Debt/Corporate Notes			\$ 42,690	\$ 43,160
TOTAL CORPORATE DEBT			\$ 52,498	\$ 53,060
Shares				
<u>COLLATERALIZED LOAN OBLIGATIONS 5.6%</u>				
Kirkwood Fund I LLC, Common Interest	Finance		\$ 40,385	\$ 43,176
Kirkwood Fund II LLC, Common Interest	Finance		41,067	42,545
Slater Mill Loan Fund LP 2012-1X LP Certificates	Finance	8,375,000	7,370	7,538
TOTAL COLLATERALIZED LOAN OBLIGATIONS			\$ 88,822	\$ 93,259
Shares				
<u>EQUITY 7.6%</u>				
<u>Common Equity/Interests 7.6%</u>				
AIC Credit Opportunity Fund LLC (5)	Finance		\$ 52,214	\$ 51,342
Generation Brands Holdings, Inc. (Quality Home Brands) **	Consumer Products	750		39
Generation Brands Holdings, Inc. Series H (Quality Home Brands) **	Consumer Products	7,500	2,297	390
Generation Brands Holdings, Inc. Series 2L (Quality Home Brands) **	Consumer Products	44,957	11,242	2,337
LVI Parent Corp. (LVI Services, Inc.) **	Environmental & Facilities Services	14,981	16,096	25,946
Merx Aviation Finance Holdings, LLC **	Financial Services		900	900
Playpower Holdings Inc. **	Leisure Equipment	1,000	77,722	44,011
Total Common Equity/Interests			\$ 160,471	\$ 124,965

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TOTAL EQUITY	\$ 160,471	\$ 124,965
Total Investments in Controlled Investments	\$ 301,791	\$ 271,284
Total Investments 159.0% (6,7)	\$ 2,815,899	\$ 2,627,023
Liabilities in Excess of Other Assets (59.0%)		(974,876)
Net Assets 100.0%		\$ 1,652,147

(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 Euro ().

(3) The Company is the sole Limited Partner in GS Prysmian Co-Invest L.P.
See notes to financial statements.

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Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****December 31, 2012****(in thousands)**

- (4) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Transactions during the nine months ended December 31, 2012 in these Controlled investments are as follows:

Name of Issuer	Fair Value at March 31, 2012	Gross Additions	Gross Reductions	Interest/Dividend/ Other Income	Fair Value at December 31, 2012
LVI Services, Inc., 12.50%, 03/06/2018	N/A	\$ 9,800	\$	\$ 317	\$ 9,900
Playpower Holdings, Inc., 14.00% PIK	\$ 21,576	2,339		2,314	23,991
Playpower, Inc., 12.50% PIK	16,960	1,691		1,840	19,169
Kirkwood Fund I LLC CLO Common Interest CLO	N/A	40,385		3,488	43,176
Kirkwood Fund II LLC CLO Common Interest CLO	N/A	41,067			42,545
Slater Mill Loan Fund LP 2012 -1X LP CLO Equity Interest	N/A	7,370		659	7,538
AIC Credit Opportunity Fund LLC Common Equity	56,034	575	(13,729)	4,407	51,342
Generation Brands Holdings, Inc. (Quality Home Brands) Common Equity	130				39
Generation Brands Holdings, Inc. (Quality Home Brands) Series H Common Equity	1,300				390
Generation Brands Holdings, Inc. (Quality Home Brands) Series 2L Common Equity	7,793				2,337
LVI Parent Corp. Common Equity	21,504				25,946
Merx Aviation Finance Holdings, LLC Equity Interest	N/A	900			900
Playpower Holdings Inc. Common Equity	61,111				44,011
	\$ 186,408	\$ 104,127	\$ (13,729)	\$ 13,025	\$ 271,284

As of December 31, 2012, the Company has a 100%, 32%, 98%, 98%, 32%, 100%, 100% and 26% equity ownership interest in AIC Credit Opportunity Fund LLC, Generation Brands Holdings, Inc., Kirkwood Fund I LLC, Kirkwood Fund II LLC, LVI Parent Corp., Playpower Holdings Inc., Merx Aviation Financing Holdings, LLC and Slater Mill Loan Fund LP, respectively.

- (5) See Note 6.

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- (6) Aggregate gross unrealized appreciation for federal income tax purposes is \$89,484; aggregate gross unrealized depreciation for federal income tax purposes is \$382,123. Net unrealized depreciation is \$292,639 based on a tax cost of \$2,919,662.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS (unaudited) (continued)

December 31, 2012

(in thousands)

(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.

6 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.

** 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.

See notes to financial statements.

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Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)**

Industry Classification	Percentage of Total Investments (at fair value) as of December 31, 2012
Business Services	12.2%
Healthcare	10.0%
Finance	8.6%
Diversified Service	8.4%
Distribution	6.0%
Packaging	5.5%
Transportation	5.0%
Education	4.6%
Environmental & Facilities Services	4.5%
Energy	3.8%
Grocery	3.4%
Leisure Equipment	3.3%
Broadcasting & Entertainment	2.9%
Manufacturing	2.8%
Electronics	2.4%
Financial Services	2.3%
Telecommunications	2.0%
Consumer Products	1.9%
Retail	1.9%
Insurance	1.7%
Printing & Publishing	1.6%
Power	1.6%
Utilities	1.5%
Homebuilding	0.8%
Chemicals	0.6%
Media	0.5%
Consulting Services	0.2%
Total Investments	100.0%

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS

March 31, 2012

(in thousands)

INVESTMENTS IN NON-CONTROLLED/NON AFFILIATED INVESTMENTS 147.8%	Industry	Par Amount*	Cost	Fair Value (1)
CORPORATE DEBT 139.2%				
BANK DEBT/SENIOR SECURED LOANS 47.0%				
1st Lien Bank Debt/Senior Secured Loans 5.6%				
Advantage Sales & Marketing, Inc., P+300, 12/17/15 (Revolving loan)	Grocery	\$ 5,500	\$ 2,200	\$ 2,035
ATI Acquisition Company, P+1400 (P+1000 Cash / 4.00% PIK), 6/30/12***	Education	4,494	4,015	3,600
ATI Acquisition Company, P+900 (P+500 Cash / 4.00% PIK), 12/30/14***	Education	14,889	12,596	
Aventine Renewable Energy Holdings, Inc., L+850, 12/22/15	Chemicals	24,937	20,009	19,825
Eastman Kodak Company, DIP L+750, 7/20/13	Technology	11,231	11,016	11,427
Grocery Outlet Inc., L+900, 12/15/17	Grocery	18,408	18,408	18,812
Penton Media, Inc., L+400 (L+300 Cash / 1.00% PIK), 8/1/14	Printing & Publishing	34,906	29,986	27,794
RBS Holding Company, LLC, L+500, 3/23/17	Business Services	15,840	15,703	9,900
Total 1st Lien Bank Debt/Senior Secured Loans			\$ 113,933	\$ 93,393
2nd Lien Bank Debt/Senior Secured Loans 41.4%				
Advantage Sales & Marketing, Inc., L+775, 6/18/18	Grocery	\$ 58,000	\$ 57,571	\$ 57,855
Allied Security Holdings, LLC, L+750, 2/2/18	Business Services	31,000	30,728	31,233
Asurion Corporation, L+750, 5/24/19	Insurance	78,111	77,959	79,234
Brock Holdings III, Inc., L+825, 3/16/18	Environmental & Facilities Services	39,000	38,302	38,561
Clean Earth, Inc., 13.00%, 8/1/14	Environmental & Facilities Services	25,000	25,000	24,875
Garden Fresh Restaurant Corp., L+975, 12/11/13	Retail	46,600	47,027	47,532
Insight Pharmaceuticals, LLC, L+1175, 8/25/17	Consumer Products	20,000	19,627	19,900
IPC Systems, Inc., L+525, 6/1/15	Telecommunications	44,250	42,170	38,497
Kronos, Inc., L+1000, 6/11/18	Electronics	35,000	35,000	35,700
Ozburn-Hessey Holding Company LLC, L+950, 10/8/16	Transportation	38,000	37,971	30,780
Ranpak Corp., L+750, 10/20/17	Packaging	85,000	85,000	82,025
Ranpak Corp., E+775, 10/20/17	Packaging	40,000	58,042	52,602
Sedgwick Holdings, Inc., L+750, 5/26/17	Business Services	\$ 15,225	15,043	15,149
Sheridan Holdings, Inc., L+575 Cash or L+650 PIK, 6/15/15	Healthcare	24,047	23,446	23,518
TransFirst Holdings, Inc., L+600 Cash or L+675 PIK, 6/15/15	Financial Services	19,012	18,372	17,795
Valerus Compression Services, LP, 11.50%, 3/26/18	Manufacturing	40,000	40,000	40,680
Vertafore, Inc., L+825, 10/29/17	Business Services	49,260	48,842	49,383
Wall Street Systems Holdings, Inc., L+750, 6/20/18	Software	13,000	12,881	13,098
Total 2nd Lien Bank Debt/Senior Secured Loans			\$ 712,981	\$ 698,417
TOTAL BANK DEBT/SENIOR SECURED LOANS			\$ 826,914	\$ 791,810

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2012****(in thousands)**

INVESTMENTS IN NON-CONTROLLED/NON AFFILIATED INVESTMENTS 147.8%	Industry	Par Amount*	Cost	Fair Value (1)
Subordinated Debt/Corporate Notes 92.2%				
AB Acquisitions UK Topco 2 Limited (Alliance Boots), GBP L+650 (GBP L+300 Cash / 3.50% PIK), 7/9/17	Retail	£ 22,580	\$ 44,368	\$ 33,612
Advantage Sales & Marketing, Inc., 13.00%, 12/31/18	Grocery	\$ 25,000	25,000	24,625
Altegrity Inc., 0.00%, 8/2/16 <i>¿</i>	Diversified Service	3,545	2,087	1,965
Altegrity Inc., 11.75%, 5/1/16 <i>¿</i>	Diversified Service	14,639	11,112	13,907
Altegrity Inc., 12.00%, 11/1/15 <i>¿</i>	Diversified Service	100,000	100,000	100,600
Altegrity Inc., 10.50%, 11/1/15 <i>¿</i>	Diversified Service	13,475	12,387	12,869
American Tire Distributors, Inc., 11.50%, 6/1/18 <i>¿</i>	Distribution	25,000	25,000	26,450
Angelica Corporation, 15.00% (12.00% Cash / 3.00% PIK), 10/15/16	Healthcare	53,343	53,343	52,756
ATI Acquisition Company, P+1400 (P+1000 Cash / 4.00% PIK), 12/30/15***	Education	43,296	37,867	
Avaya Inc., 10.125% Cash or 10.875% PIK, 11/1/15	Telecommunications	43,577	40,713	43,468
BCA Osprey II Limited (British Car Auctions), 12.50% PIK, 8/17/17	Transportation	£ 22,750	35,957	32,078
BCA Osprey II Limited (British Car Auctions), 12.50% PIK, 8/17/17	Transportation	13,773	19,138	16,186
Catalina Marketing Corporation, 11.625%, 10/1/17 <i>¿</i>	Grocery	\$ 27,175	27,157	25,001
Ceridian Corp., 12.25% Cash or 13.00% PIK, 11/15/15	Diversified Service	55,950	55,845	51,334
Ceridian Corp., 11.25%, 11/15/15	Diversified Service	34,300	34,035	31,642
Clearwire Communications, 12.00%, 12/1/15 <i>¿</i>	Telecommunications	24,843	24,289	24,595
Clearwire Communications, 14.75%, 12/1/16 <i>¿</i>	Telecommunications	1,000	1,000	1,098
Delta Educational Systems, Inc., 14.20% (13.00% Cash / 1.20% PIK), 5/12/13	Education	19,991	19,828	20,221
Exova Limited, 10.50%, 10/15/18 <i>¿</i>	Business Services	£ 18,000	28,823	25,524
Exova Limited, 10.50%, 10/15/18	Business Services	17,655	24,942	25,035
FoxCo Acquisition Sub LLC, 13.375%, 7/15/16 <i>¿</i>	Broadcasting & Entertainment	\$ 26,125	26,620	28,607
Hub International Holdings, 10.25%, 6/15/15 <i>¿</i>	Insurance	36,232	35,228	37,410
Intelsat Bermuda Ltd., 11.25%, 2/4/17	Broadcasting & Entertainment	84,000	86,285	87,570
Intelsat Bermuda Ltd., 11.50% Cash or 12.50% PIK, 2/4/17	Broadcasting & Entertainment	20,000	19,500	20,850
inVentiv Health, Inc., 11.00%, 8/15/18	Healthcare	160,000	160,000	144,000
Laureate Education, Inc., 12.75%, 8/15/17 <i>¿</i>	Education	53,540	53,512	57,422
Lonestar Intermediate Super Holdings (Asurion), LLC, L+950, 9/2/19	Insurance	26,922	26,116	27,376
SeaCube Container Leasing Ltd., 11.00%, 4/28/16	Transportation	50,000	50,000	51,250
Sorenson Communications, Inc., 10.50%, 2/1/15 <i>¿</i>	Consumer Services	16,500	16,303	13,695
SquareTwo Financial Corp. (Collect America, Ltd.), 11.625%, 4/1/17 <i>¿</i>	Finance	40,000	39,450	39,800

See notes to financial statements.

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Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2012****(in thousands)**

INVESTMENTS IN NON-CONTROLLED/NON AFFILIATED INVESTMENTS 147.8%	Industry	Par Amount*	Cost	Fair Value (1)
Subordinated Debt/Corporate Notes (continued)				
SRA International, Inc., 11.00%, 10/1/19	Consulting Services	\$ 25,000	\$ 25,000	\$ 26,500
Texas Competitive Electric Holdings Company LLC, 11.50%, 10/1/20	Utilities	50,000	49,668	32,875
The ServiceMaster Company, 10.75% Cash or 11.50% PIK, 7/15/15	Diversified Service	15,731	15,967	16,596
TL Acquisitions, Inc. (Thomson Learning), 10.50%, 1/15/15	Education	120,500	101,356	94,291
Travelport LLC, 9.875%, 9/1/14	Business Services	19,779	18,606	12,733
Travelport LLC, L+462.5, 9/1/14	Business Services	13,000	10,970	7,150
Univar Inc., 12.00%, 6/30/18	Distribution	78,750	79,652	78,830
U.S. Renal Care, Inc., 13.25% (11.25% Cash / 2.00% PIK), 6/2/17	Healthcare	50,824	50,824	52,603
U.S. Security Associates Holdings, Inc., 11.00%, 7/28/18	Business Services	135,000	135,000	138,110
Varietal Distribution, 10.75%, 6/30/17	Distribution	1,127	1,408	1,497
Varietal Distribution, 10.75%, 6/30/17	Distribution	\$ 22,204	21,773	22,160
Total Subordinated Debt/Corporate Notes			\$ 1,646,129	\$ 1,554,291
TOTAL CORPORATE DEBT			\$ 2,473,043	\$ 2,346,101
COLLATERALIZED LOAN OBLIGATIONS 0.5%				
Westbrook CLO Ltd., Series 2006-1A, L+370, 12/20/20	Finance	\$ 11,000	\$ 7,109	\$ 7,691
TOTAL COLLATERALIZED LOAN OBLIGATIONS			\$ 7,109	\$ 7,691
PREFERRED EQUITY 2.1%				
			Shares	
AHC Mezzanine LLC (Advanstar) **	Media		\$ 1,063	\$ 279
CA Holding, Inc. (Collect America, Ltd.) Series A **	Finance	7,961	788	1,592
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), 13.50% PIK, 5/12/14	Education	12,360	25,789	26,207
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), 12.50% PIK (Convertible)	Education	332,500	6,863	3,708
Varietal Distribution Holdings, LLC, 8.00% PIK	Distribution	3,097	4,514	3,141
TOTAL PREFERRED EQUITY			\$ 39,017	\$ 34,927

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (continued)
March 31, 2012

(in thousands, except shares and warrants)

INVESTMENTS IN NON-CONTROLLED/NON AFFILIATED INVESTMENTS 147.8%	Industry	Shares	Cost	Fair Value (1)
<u>EQUITY 6.0%</u>				
<u>Common Equity/Interests 5.4%</u>				
AB Capital Holdings LLC (Allied Security)	Business Services	2,000,000	\$ 2,000	\$ 3,040
Accelerate Parent Corp. (American Tire) **	Distribution	3,125,000	3,125	4,750
Altegrity Holding Corp.**	Diversified Service	353,399	13,797	9,063
CA Holding, Inc. (Collect America, Ltd.) Series A **	Finance	25,000	2,500	1,058
CA Holding, Inc. (Collect America, Ltd.) Series AA **	Finance	4,294	429	859
Clothesline Holdings, Inc. (Angelica) **	Healthcare	6,000	6,000	1,729
Explorer Coinvest LLC (Booz Allen) **	Consulting Services	430	4,300	6,810
Garden Fresh Restaurant Holding, LLC **	Retail	50,000	5,000	7,600
Gryphon Colleges Corporation (Delta Educational Systems, Inc.)**	Education	17,500	175	
GS Prysmian Co-Invest L.P. (Prysmian Cables & Systems) (2,3) **	Manufacturing			208
JV Note Holdco LLC (DSI Renal Inc.)	Healthcare	9,303	85	84
New Omaha Holdings Co-Invest LP (First Data) **	Financial Services	13,000,000	65,000	24,960
Penton Business Media Holdings, LLC **	Printing & Publishing	124	4,950	8,308
RC Coinvestment, LLC (Ranpak Corp.) **	Packaging	50,000	5,000	8,535
Sorenson Communications Holdings, LLC Class A **	Consumer Products	454,828	45	1,380
Univar Inc. **	Distribution	900,000	9,000	13,840
Varietal Distribution Holdings, LLC Class A **	Distribution	28,028	28	
Total Common Equity/Interests			\$ 121,434	\$ 92,224
Warrants				
<u>Warrants 0.6%</u>				
CA Holding, Inc. (Collect America, Ltd.), Common **	Finance	7,961	\$ 8	\$
Fidji Luxco (BC) S.C.A., Common (FCI) (2) **	Electronics	48,769	491	7,619
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	947
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Class B-1 Preferred **	Education	104,314	1,043	1,163
Total Warrants			\$ 2,099	\$ 9,729
TOTAL EQUITY			\$ 123,533	\$ 101,953

Total Investments in Non-Controlled/ Non-Affiliated Investments	\$ 2,642,702	\$ 2,490,672
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See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (continued)

March 31, 2012

(in thousands, except shares)

INVESTMENTS IN CONTROLLED

INVESTMENTS 11.1% (4)	Industry	Par Amount*	Cost	Fair Value (1)
CORPORATE DEBT 2.3%				
Subordinated Debt/Corporate Notes 2.3%				
Playpower Holdings Inc., 14.00% PIK, 12/15/15	Leisure Equipment	16,617	\$ 22,129	\$ 21,576
Playpower, Inc., 12.50% PIK, 12/31/15	Leisure Equipment	£ 10,887	16,367	16,960
Total Subordinated Debt/Corporate Notes			\$ 38,496	\$ 38,536
TOTAL CORPORATE DEBT			\$ 38,496	\$ 38,536

		Shares		
EQUITY 8.8%				
Common Equity/Interests 8.8%				
AIC Credit Opportunity Fund LLC (5)	Finance		\$ 63,029	\$ 56,034
Generation Brands Holdings, Inc. (Quality Home Brands) **	Consumer			
	Products	750		130
Generation Brands Holdings, Inc. Series H (Quality Home Brands) **	Consumer			
	Products	7,500	2,297	1,300
Generation Brands Holdings, Inc. Series 2L (Quality Home Brands) **	Consumer			
	Products	44,957	11,242	7,793
LVI Parent Corp. (LVI Services, Inc.)	Environmental & Facilities Services	14,981	16,096	21,504
Playpower Holdings Inc.	Leisure Equipment	1,000	77,722	61,111
Total Common Equity/Interests			\$ 170,386	\$ 147,872
TOTAL EQUITY			\$ 170,386	\$ 147,872
Total Investments in Controlled Investments			\$ 208,882	\$ 186,408
Total Investments 158.9% (6,7)			\$ 2,851,584	\$ 2,677,080
Liabilities in Excess of Other Assets (58.9%)				(991,849)
Net Assets 100.0%				\$ 1,685,231

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- (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 Euro ().
- (3) The Company is the sole Limited Partner in GS Prysmian Co-Invest L.P.
See notes to financial statements.

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Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2012****(in thousands)**

- (4) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Transactions during the fiscal year ended March 31, 2012 in these Controlled investments are as follows:

Name of Issuer	Fair Value at March 31, 2011	Gross Additions	Gross Reductions	Interest/Dividend/ Other Income	Fair Value at March 31, 2012
Playpower Holdings, Inc., 14.00% PIK	\$	\$ 22,129	\$	\$ 2,195	\$ 21,576
Playpower, Inc., 12.50% PIK		16,366		1,551	16,960
AIC Credit Opportunity Fund LLC Common Equity	95,212	9,317	20,889	13,444	56,034
Generation Brands Holdings, Inc. (Quality Home Brands) Common Equity	8				130
Generation Brands Holdings, Inc. (Quality Home Brands) Series H Common Equity	77				1,300
Generation Brands Holdings, Inc. (Quality Home Brands) Series 2L Common Equity	379				7,793
LVI Parent Corp. Common Equity	15,892				21,504
Playpower Holdings Inc. Common Equity		77,722			61,111
	\$ 111,568	\$ 125,534	\$ 20,889	\$ 17,190	\$ 186,408

As of March 31, 2012, the Company has a 100%, 32%, 34% and 100% equity ownership interest in AIC Credit Opportunity Fund LLC, Generation Brands Holdings, Inc., LVI Parent Corp. and Playpower Holdings Inc., respectively.

- (5) See Note 6.
- (6) Aggregate gross unrealized appreciation for federal income tax purposes is \$85,025; aggregate gross unrealized depreciation for federal income tax purposes is \$363,967. Net unrealized depreciation is \$278,942 based on a tax cost of \$2,956,022.
- (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.
- ⌚ 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.

** 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, 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.

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (continued)

Industry Classification	Percentage of Total Investments (at fair value) as of March 31, 2012
Business Services	11.9%
Healthcare	10.3%
Diversified Service	8.9%
Education	7.8%
Distribution	5.6%
Insurance	5.4%
Packaging	5.4%
Broadcasting & Entertainment	5.1%
Transportation	4.9%
Grocery	4.8%
Telecommunications	4.0%
Finance	4.0%
Leisure Equipment	3.7%
Retail	3.3%
Environmental & Facilities Services	3.2%
Electronics	1.6%
Financial Services	1.6%
Manufacturing	1.5%
Printing & Publishing	1.4%
Consulting Services	1.2%
Utilities	1.2%
Consumer Products	1.1%
Chemicals	0.7%
Consumer Services	0.5%
Software	0.5%
Technology	0.4%
Media	0.0%
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 in various forms of debt investments, including senior secured loans, subordinated and mezzanine investments, and/or equity in private middle-market companies. From time to time, we may also invest in the securities of public companies. Our portfolio is comprised primarily of investments in subordinated debt, sometimes referred to as mezzanine debt, and senior secured loans 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 \$300 million. From time to time, 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, 2012, we have raised approximately \$1.9 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. Certain industries were reclassified on the Schedule of Investments for March 31, 2012 to conform to the current period's presentation.

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 senior secured debt, subordinated 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

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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 the fair value of each investment in our portfolio in good faith based on the input of our investment adviser, the respective independent valuation firm 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, 2012, there has been no change to the Company's valuation techniques and related inputs considered in the valuation process.

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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, 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, 2012, accrued PIK totaled \$13,878 on total investment income of \$247,377. 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 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

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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) 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, 2012, the Company did not have any subsidiaries or controlled operating companies that were consolidated. See additional information within note 6.

(i) 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.

(j) 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.

(k) 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.

(l) The Company records expenses related to shelf filings and applicable offering costs as deferred financing costs in the Statement of Assets and Liabilities. These expenses are charged as a reduction of capital upon utilization, in accordance with the ASC 946-20-25.

(m) 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

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from the date of purchase would qualify, with limited exceptions. The Company deems that certain U.S. Treasury bills, repurchase agreements and other high-quality, short-term debt securities would qualify as cash equivalents.

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 amended 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 is not expected to have a material impact on the financial statements of the Company. The Company will adopt this guidance with the quarter beginning April 1, 2013.

Note 3. Agreements

The Company has an Investment Advisory and Management Agreement (the Investment Advisory Agreement) with Apollo Investment Management, L.P. (the Investment Adviser or AIM), under which the Investment Adviser, subject to the overall supervision of our board of directors, manages the day-to-day operations of, and provides investment advisory services to the Company. For providing these services, the Investment Adviser receives a fee from the Company, consisting of two components a base management fee and a performance-based incentive fee. The base management fee is determined by taking the average value of our gross assets, net of 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). Our net investment income used to calculate this part of the incentive fee is also included in the amount of our gross assets used to calculate the 2% base management fee. For a one year period commencing April 2, 2012, AIM has agreed to voluntarily waive the management fee and incentive fee on the proceeds of the April 2, 2012 common equity issuance. For the three and nine months ended December 31, 2012, total management fees waived were \$399 and \$1,193 respectively. For the three and nine months ended December 31, 2012, total incentive fees waived were \$298 and \$885, respectively.

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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 fee for the three and nine months ended December 31, 2012 and December 31, 2011. 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.

AIM is not paid the portion of the 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 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, 2012, the Company recognized \$13,456 and \$40,346, respectively, in base management fees and \$10,047 and \$29,919, respectively, in performance-based incentive fees. For the three and nine months ended December 31, 2011, the Company recognized \$14,693 and \$46,171, respectively, in base management fees and \$9,634 and \$29,398, respectively, in performance-based incentive fees. The fees for the three and nine months ended December 31, 2011 reflect a reduction due to a prior payment of an unearned portion of the fees to the Investment Adviser of \$0 and \$2,783, respectively.

The Company has also entered into an Administration Agreement with the Administrator under which the Administrator provides administrative services for the Company. For providing these services, facilities and personnel, the Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred 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, 2012, the Company recognized expenses under the Administration Agreement of \$1,118 and \$2,637, respectively. For the three and nine months ended December 31, 2011, the Company recognized expenses under the Administration Agreement of \$1,500 and \$3,887, respectively.

Table of Contents**Note 4. Net Asset Value Per Share**

At December 31, 2012, the Company's net assets and net asset value per share were \$1,652,147 and \$8.14, respectively. This compares to net assets and net asset value per share at March 31, 2012 of \$1,685,231 and \$8.55, 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 months and nine months ended December 31, 2012 and December 31, 2011, respectively:

<i>Amounts are in thousands, except per share data</i>	Three months ended		Nine months ended December 30,	
	December 30,	2011	2012	2011
Earnings per share - basic				
Numerator for increase (decrease) in net assets per share:	\$ (22,744)	\$ 63,697	\$ 38,651	\$ (203,497)
Denominator for basic weighted average shares:	202,891,351	197,022,181	202,870,086	196,431,720
Basic earnings (loss) per share:	\$ (0.11)	\$ 0.32	\$ 0.19	\$ (1.04)
Earnings per share - diluted				
Numerator for increase (decrease) in net assets per share:	\$ (22,744)	\$ 63,697	\$ 38,651	\$ (203,497)
Adjustment for interest on convertible notes and for incentive fees, net	2,575	2,577	7,715	7,729
Numerator for increase (decrease) in net assets per share, as adjusted	\$ (20,169)	\$ 66,274	\$ 46,366	\$ (195,768)
Denominator for weighted average shares, as adjusted for dilutive effect of convertible notes:	217,439,451	211,570,281	217,418,186	210,979,820
Diluted earnings (loss) per share*:	\$ (0.11)*	\$ 0.31	\$ 0.19*	\$ (1.04)*

* 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 and nine months ended December 31, 2012, anti-dilution would total \$0.02 and \$0.02, respectively. For the nine months ended December 31, 2011, anti-dilution would total \$0.11.

Note 6. Investments**AIC Credit Opportunity Fund LLC**

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 owns 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. 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 (FDC

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Counterparty) 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. Consequently, the maximum exposure on this investment is the amount of our investment in the Junior Note and any additional collateral we determine to post. During the fiscal year ended March 31, 2012, we sold \$47,145 face value of the FDC Loan. As a result of this transaction, as of December 31, 2012, the FDC Loan par balance outstanding is \$52,855, the Junior Note balance is \$21,472 and the Senior Note balance is \$20,283.

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%. As of December 31, 2012, Apollo TXU's notional exposure to the TXU term loan is \$47,471.

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 matures in September 2013 and pays 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 pay interest at the rate of LIBOR plus 3% per year and matures in June 2015. During the three and nine months ended December 31, 2012, we sold 0 and £0 and 23,383 and £12,465 principal amount of the Boots Term Loans, respectively. At December 31, 2012, there was no outstanding principal balance of the Boots Term Loans with the assets representing the receivable due on the sale of the Boots Term Loans.

We do not consolidate AIC Holdco or its wholly owned subsidiaries and accordingly only the value of our investment in AIC Holdco is included on our statement of assets and liabilities. Our investment in AIC Holdco is valued in accordance with our normal valuation procedures and is based on the values of the underlying assets held by each of Apollo FDC, Apollo TXU and Apollo Boots net of associated liabilities.

The Senior Note, TRS and Acquisition Loan are non-recourse to AIC Holdco, its subsidiaries and us and have standard events of default including failure to pay contractual amounts when due and failure by each of the underlying Apollo special purpose entities to provide additional credit support, sell assets or prepay a portion of its obligations if the value of the FDC Term Loan, the TXU Term Loan or the Boots Term Loans, as applicable, declines below specified levels. We may unwind any of these transactions at any time without penalty. From time to time we may provide additional capital to AIC Holdco for purposes of reserving for or funding margin

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calls under one or more of the transactions described above among other reasons. During the fiscal year ended March 31, 2009, we provided \$18,480 in additional net capital to AIC Holdco. During the fiscal year ended March 31, 2010, \$9,336 of net capital was returned to us from AIC Holdco. During the fiscal year ended March 31, 2011, \$1,700 of net capital was provided to AIC Holdco. During the fiscal year ended March 31, 2012, \$8,712 of net capital was returned to us from AIC Holdco. During the nine months ended December 31, 2012, \$10,816 of net capital was returned to us from AIC Holdco. The Junior Note and TRS were performing assets as of the date of these financial statements.

Below is summarized financial information for AIC Holdco as of December 31, 2012 and March 31, 2012 and for the nine months ended December 31, 2012 and 2011.

	December 31, 2012 (unaudited)	March 31, 2012
Assets		
Cash	\$ 10	\$ 15
Apollo FDC ¹	31,779	27,947
Apollo TXU ²	26,641	26,066
Apollo Boots ³	12,128	47,999
Other Assets		2,886
Total Assets	\$ 70,558	\$ 104,913
Liabilities		
Apollo FDC ⁴	\$	\$
Apollo TXU ⁵	11,125	16,045
Apollo Boots ⁶	8,091	29,948
Other Liabilities		2,886
Total Liabilities	\$ 19,216	\$ 48,879
Net Assets		
Apollo FDC	\$ 31,779	\$ 27,947
Apollo TXU	15,516	10,021
Apollo Boots	4,037	18,051
Other	10	15
Total Net Assets	\$ 51,342	\$ 56,034

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	Nine months ended December 31, 2012 (unaudited)	Nine months ended December 31, 2011 (unaudited)
Net Operating Income (Loss)		
Apollo FDC ⁷	\$ 2,686	\$ 5,126
Apollo TXU ⁷	900	2,480
Apollo Boots ⁷	721	933
Other	(5)	(21)
Total Operating Income	\$ 4,302	\$ 8,518
Net Realized Gain (Loss)		
Apollo Boots	\$ 1,513	\$
Total Net Realized Gain (Loss)	\$ 1,513	\$
Net Change in Unrealized Appreciation / Depreciation		
Apollo FDC	\$ 3,832	\$ (17,458)
Apollo TXU	4,920	(9,464)
Apollo Boots	538	(4,333)
Total Net Change in Unrealized Appreciation / Depreciation	\$ 9,290	\$ (31,255)
Net Income (Loss)⁸		
Apollo FDC	\$ 6,518	\$ (12,332)
Apollo TXU	5,820	(6,984)
Apollo Boots	2,772	(3,400)
Other	(5)	(21)
Total Net Income (Loss)	\$ 15,105	\$ (22,737)

- (1) Includes fair value of the Junior Note held by Apollo FDC. Cost: \$21,472 and \$21,472, at December 31, 2012 and March 31, 2012, respectively.
- (2) Represents fair value of collateral posted in relation to the TRS held by Apollo TXU. Cost: \$26,641 and \$26,066 at December 31, 2012 and March 31, 2012, respectively.
- (3) Represents fair value of the Boots Term Loans held by Apollo Boots and fair value of receivable for Boots Term Loans sold during the period. Cost of outstanding par was \$50,109 at March 31, 2012. There was no outstanding principal balance of the Boots Term loans at December 31, 2012.
- (4) Apollo FDC's interest is subject to a senior note of a separate entity of \$20,283 and \$20,283 at December 31, 2012 and March 31, 2012, respectively; However, Apollo FDC has no liability for such senior note.
- (5) Represents liability on the TRS held by Apollo TXU.

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- (6) Represents liability of Apollo Boots on the Acquisition Loan.

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

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

Investments and cash equivalents for the Company

Investments and cash equivalents for the Company consisted of the following as of December 31, 2012 and March 31, 2012.

	December 31, 2012		March 31, 2012	
	Cost	Fair Value	Cost	Fair Value
Bank Debt/Senior Secured Loans	\$ 1,114,645	\$ 1,047,774	\$ 826,914	\$ 791,810
Subordinated Debt/Corporate Notes	1,324,202	1,258,975	1,684,625	1,592,827
Collateralized Loan Obligations	114,542	120,718	7,109	7,691
Preferred Equity	41,189	11,404	39,017	34,927
Common Equity/Interests	218,611	179,746	291,820	240,096
Warrants	2,710	8,406	2,099	9,729
Total Investments	\$ 2,815,899	\$ 2,627,023	\$ 2,851,584	\$ 2,677,080
Cash Equivalents				
Total Investments and Cash Equivalents	\$ 2,815,899	\$ 2,627,023	\$ 2,851,584	\$ 2,677,080

At December 31, 2012, our investments and cash equivalents were categorized as follows in the fair value hierarchy for ASC 820 purposes:

Description	December 31, 2012	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)
Bank Debt/Senior Secured Loans	\$ 1,047,774	\$	\$	\$ 1,047,774
Subordinated Debt/Corporate Notes	1,258,975			1,258,975