

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

PROSPECTUS SUPPLEMENT

To the Prospectus dated September 12, 2014

**\$350,000,000**

**5.250% Notes due 2025**

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

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

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

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

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

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

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

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

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

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

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

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

### *Joint Book-Running Managers*

**Barclays  
J.P. Morgan**

**Citigroup  
SunTrust Robinson Humphrey**

**BMO Capital Markets**

**Credit Suisse**

**Deutsche Bank Securities**

**UBS Investment Bank**

### *Co-Managers*

**Apollo Global Securities**

**Natixis**

The date of this prospectus supplement is February 24, 2015

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

**PROSPECTUS SUPPLEMENT**

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

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

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Regular record dates for interest February 16 and August 16.

Specified currency U.S. Dollars

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Place of payment New York City

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

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

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

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

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

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

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

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

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

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

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

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

Sinking fund

The Notes will not be subject to any sinking fund.

Offer to purchase upon a Change of Control Repurchase Event

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

Defeasance

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

Form of Notes

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

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



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

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Governing law

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

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

**Apollo Investment**

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

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

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

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

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

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

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

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

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

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

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

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

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

***Our Corporate Information***

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

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**RISK FACTORS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

enter into transactions with affiliates;

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

make investments; or

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

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

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

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



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

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

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

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

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

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

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

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

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**USE OF PROCEEDS**

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

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

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

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

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

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

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

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

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

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

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



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

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

All amounts in thousands, except per share data

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

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

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

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**FORWARD-LOOKING STATEMENTS**

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

our future operating results;

our business prospects and the prospects of our portfolio companies;

the impact of investments that we expect to make;

our contractual arrangements and relationships with third parties;

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

the ability of our portfolio companies to achieve their objectives;

our expected financings and investments;

the adequacy of our cash resources and working capital; and

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

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

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

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

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

**OVERVIEW**

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

***Investments***

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

***Revenue***

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

***Expenses***

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

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

investment advisory and management fees;

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

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

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

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

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

offerings of our common stock and other securities;

registration and listing fees;

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

transfer agent and custodial fees;

taxes;

independent directors' fees and expenses;

marketing and distribution-related expenses;

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

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



organizational costs; and

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

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

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

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

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

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

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

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

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

## **CRITICAL ACCOUNTING POLICIES**

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

## **Fair Value Measurements**

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

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

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

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

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

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

## **Investment Income Recognition**

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

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

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

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

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

## **Expenses**

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

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

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

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

## **Recent Accounting Pronouncements**

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

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

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

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

**Total Investment Income**

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

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





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

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

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

## **Net Expenses**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**LIQUIDITY AND CAPITAL RESOURCES**

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

**Debt**

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

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

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

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

Secured Facility.

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### **PIK Interest and Dividends**

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

### **Cash Equivalents**

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

### **Related Party Transactions**

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

### **Commitments and Contingencies**

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

### **Dividends**

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

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



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

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

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

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

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

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

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

*(in thousands except per share data)*

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

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

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

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

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

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