

APOLLO INVESTMENT CORP
Form 10-Q
August 04, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

FOR THE QUARTER ENDED JUNE 30, 2010

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

COMMISSION FILE NUMBER: 814-00646

APOLLO INVESTMENT CORPORATION

(Exact name of registrant as specified in its charter)

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Maryland
(State or other jurisdiction of
incorporation or organization)

52-2439556
(I.R.S. Employer
Identification No.)

9 West 57th Street

37th Floor

New York, N.Y.
(Address of principal executive office)

10019
(Zip Code)

(212) 515-3450

(Registrant's telephone number, including area code)

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

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

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

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

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

The number of shares of the registrant's Common Stock, \$.001 par value, outstanding as of August 4, 2010 was 194,460,328.

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

Item 1. Financial Statements**APOLLO INVESTMENT CORPORATION****STATEMENTS OF ASSETS AND LIABILITIES**

(in thousands, except per share amounts)

	June 30, 2010 (unaudited)	March 31, 2010
Assets		
Non-controlled/non-affiliated investments, at value (cost \$2,913,402 and \$2,782,880, respectively)	\$ 2,677,725	\$ 2,677,893
Non-controlled/affiliated investments, at value (cost \$102,648 and \$102,135, respectively)	96,764	83,136
Controlled investments, at value (cost \$359,290 and \$357,590, respectively)	73,807	92,551
Cash equivalents, at value (cost \$199,929 and \$449,852, respectively)	199,923	449,828
Cash	15,340	7,040
Foreign currency (cost \$3,742 and \$30,705, respectively)	3,685	30,717
Receivable for investments sold	1,935	49,643
Interest receivable	44,041	43,139
Dividends receivable	11	5,700
Miscellaneous income receivable		788
Receivable from investment adviser		611
Prepaid expenses and other assets	21,792	24,070
Total assets	\$ 3,135,023	\$ 3,465,116
Liabilities		
Credit facility payable (see note 7 & 12)	\$ 993,034	\$ 1,060,616
Payable for investments and cash equivalents purchased	213,551	549,009
Dividends payable	54,276	49,340
Management and performance-based incentive fees payable (see note 3)	24,761	26,363
Interest payable	2,436	2,132
Accrued administrative expenses	2,094	1,722
Other liabilities and accrued expenses	1,969	3,128
Total liabilities	\$ 1,292,121	\$ 1,692,310
Net Assets		
Common stock, par value \$.001 per share, 400,000 and 400,000 common shares authorized, respectively, and 193,845 and 176,214 issued and outstanding, respectively	\$ 194	\$ 176
Paid-in capital in excess of par (see note 2f)	2,854,352	2,645,687
Undistributed net investment income (see note 2f)	91,428	104,878
Accumulated net realized loss (see note 2f)	(579,403)	(583,270)
Net unrealized depreciation	(523,669)	(394,665)
Total net assets	\$ 1,842,902	\$ 1,772,806
Total liabilities and net assets	\$ 3,135,023	\$ 3,465,116

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Net Asset Value Per Share	\$	9.51	\$	10.06
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See notes to financial statements.

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

	Three months ended	
	June 30, 2010	June 30, 2009
INVESTMENT INCOME:		
From non-controlled/non-affiliated investments:		
Interest	\$ 72,505	\$ 75,297
Dividends	920	3,236
Other income	1,669	1,269
From non-controlled/affiliated investments:		
Interest	3,154	
From controlled investments:		
Dividends		2,759
Total Investment Income	78,248	82,561
EXPENSES:		
Management fees (see note 3)	\$ 14,554	\$ 12,722
Performance-based incentive fees (see note 3)	10,207	12,332
Interest and other credit facility expenses	9,894	5,068
Administrative services expense	1,396	1,309
Other general and administrative expenses	1,370	1,800
Total expenses	37,421	33,231
Net investment income	\$ 40,827	\$ 49,330
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, CASH EQUIVALENTS AND FOREIGN CURRENCIES:		
Net realized gain (loss):		
Investments and cash equivalents	\$ 780	\$ (98,078)
Foreign currencies	3,087	(157)
Net realized gain (loss)	3,867	(98,235)
Net change in unrealized gain (loss):		
Investments and cash equivalents	(137,959)	151,835
Foreign currencies	8,955	(18,455)
Net change in unrealized gain (loss)	(129,004)	133,380
Net realized and unrealized gain (loss) from investments, cash equivalents and foreign currencies	(125,137)	35,145
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (84,310)	\$ 84,475
EARNINGS (LOSS) PER SHARE (see note 5)	\$ (0.45)	\$ 0.59

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS

(in thousands, except shares)

	Three months ended June 30, 2010 (unaudited)	Year ended March 31, 2010
Increase (Decrease) in net assets from operations:		
Net investment income	\$ 40,827	\$ 199,410
Net realized gain (loss)	3,867	(473,027)
Net change in unrealized gain (loss)	(129,004)	536,907
Net increase (decrease) in net assets resulting from operations	(84,310)	263,290
Dividends and distributions to stockholders:	(54,277)	(181,356)
Capital share transactions:		
Net proceeds from shares sold	204,275	280,823
Less offering costs	(427)	(618)
Reinvestment of dividends	4,835	14,529
Net increase in net assets from capital share transactions	208,683	294,734
Total increase in net assets:	70,096	376,668
Net assets at beginning of period	1,772,806	1,396,138
Net assets at end of period	\$ 1,842,902	\$ 1,772,806
Capital share activity:		
Shares sold	17,250,000	32,200,000
Shares issued from reinvestment of dividends	380,709	1,792,583
Net increase in capital share activity	17,630,709	33,992,583

See notes to financial statements.

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

	Three months ended June 30,	
	2010	2009
Cash Flows from Operating Activities:		
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ (84,310)	\$ 84,475
Adjustments to reconcile net increase (decrease):		
Purchase of investments (including net amortization and capitalized PIK)	(244,531)	(93,835)
Proceeds from disposition of investment securities and cash equivalents	112,637	78,291
Increase from foreign currency transactions	3,040	39
Decrease in interest and dividends receivable	4,787	6,891
Decrease in prepaid expenses and other assets	3,677	1,472
Decrease in management and performance-based incentive fees payable	(1,602)	(260)
Increase (decrease) in interest payable	304	(208)
Decrease in accrued expenses	(787)	(725)
Decrease in payable for investments and cash equivalents purchased	(335,458)	(1,155)
Decrease in receivables for investments sold	47,708	
Net change in unrealized depreciation (appreciation) on investments, cash equivalents, foreign currencies and other assets and liabilities	129,004	(133,380)
Net realized loss (gain) on investments and cash equivalents	(3,867)	98,235
Net Cash Provided (Used) by Operating Activities	\$ (369,398)	\$ 39,840
Cash Flows from Financing Activities:		
Net proceeds from the issuance of common stock	\$ 204,275	\$
Offering costs from the issuance of common stock	(427)	
Dividends paid in cash	(44,505)	(36,978)
Borrowings under credit facility	465,211	151,145
Payments under credit facility	(523,723)	(155,500)
Net Cash Provided (Used) by Financing Activities	\$ 100,831	\$ (41,333)
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (268,567)	\$ (1,493)
Effect of exchange rates on cash balances	(70)	2
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	\$ 487,585	\$ 6,607
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 218,948	\$ 5,116

Non-cash financing activities consist of the reinvestment of dividends totaling \$4,835 and \$0, respectively (in thousands).

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited)****June 30, 2010****(in thousands)**

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED PORTFOLIO COMPANIES 145.3%	Industry	Par Amount*	Cost	Fair Value(1)
CORPORATE DEBT 132.5%				
BANK DEBT/SENIOR SECURED LOANS 46.0%(2)				
1st Lien Bank Debt/Senior Secured Loans 1.6%				
ATI Acquisition Company, 12/30/14	Education	\$ 18,408	\$ 17,729	\$ 18,131
Fox Acquisition Sub LLC, 7/14/15	Broadcasting & Entertainment	1,879	1,690	1,820
Playpower, Inc., 6/30/12	Leisure Equipment	10,890	9,913	9,801
Total 1st Lien Bank Debt/Senior Secured Loans			\$ 29,332	\$ 29,752
2nd Lien Bank Debt/Senior Secured Loans 44.4%				
AB Acquisitions UK Topco 2 Limited (Alliance Boots), 7/9/16	Retail	£ 11,400	\$ 20,032	\$ 14,753
AB Acquisitions UK Topco 2 Limited (Alliance Boots), 7/9/16	Retail	3,961	5,514	4,197
Advantage Sales & Marketing, Inc., 5/5/17	Grocery	\$ 50,000	49,508	49,500
Asurion Corporation, 7/3/15	Insurance	148,300	147,066	144,870
BNY ConvergEx Group, LLC, 4/2/14	Business Services	83,229	80,852	81,731
Clean Earth, Inc., 13.00%, 8/1/14	Environmental	25,000	25,000	24,875
Datatel, Inc., 12/9/16	Education	20,000	19,925	20,250
Dresser, Inc., 5/4/15	Industrial	62,938	62,667	58,414
Educate, Inc., 6/14/14	Education	9,968	9,968	9,146
Garden Fresh Restaurant Corp., 12/11/13	Retail	46,600	46,600	47,485
Generics International, Inc., 4/30/15	Healthcare	20,000	19,934	19,600
Infor Enterprise Solutions Holdings, Inc., Tranche B-1, 3/2/14	Business Services	5,000	5,000	3,625
Infor Enterprise Solutions Holdings, Inc., 3/2/14	Business Services	15,000	14,890	11,175
Infor Global Solutions European Finance S.á.R.L., 3/2/14	Business Services	6,210	8,263	5,363
IPC Systems, Inc., 6/1/15	Telecommunications	\$ 44,250	41,278	36,838
Kronos, Inc., 6/11/15	Electronics	60,000	60,000	56,200
Ozburn-Hessey Holding Company LLC, 10/8/16	Logistics	38,000	37,963	37,525
Ranpak Corp., 12/27/14(3)	Packaging	43,550	37,793	42,244
Ranpak Corp., 12/27/14(4)	Packaging	21,970	27,232	26,104

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****June 30, 2010****(in thousands)**

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED PORTFOLIO COMPANIES 145.3%	Industry	Par Amount*	Cost	Fair Value(1)
2nd Lien Bank Debt/Senior Secured Loans (continued)				
RSA Holdings Corp. of Delaware (American Safety Razor), 1/30/14	Consumer Products	\$ 1,000	\$ 786	\$ 125
Sedgwick Holdings, Inc., 5/26/17	Business Services	25,000	24,627	24,844
Sheridan Holdings, Inc., 6/15/15	Healthcare	67,847	66,982	65,608
TransFirst Holdings, Inc., 6/15/15	Financial Services	37,291	36,378	33,898
Total 2nd Lien Bank Debt/Senior Secured Loans			\$ 848,258	\$ 818,370
TOTAL BANK DEBT/SENIOR SECURED LOANS			\$ 877,590	\$ 848,122
Subordinated Debt/Corporate Notes 86.5%				
AB Acquisitions UK Topco 2 Limited (Alliance Boots), GBP L+650, 7/9/17	Retail	£ 41,295	\$ 79,913	\$ 50,970
Allied Security Holdings LLC, 13.75%, 8/21/15	Business Services	\$ 20,000	19,672	20,200
Altegrity Inc., 11.75%, 5/1/16 "	Diversified Service	14,639	9,879	13,600
Altegrity Inc., 10.50%, 11/1/15 "	Diversified Service	13,475	11,916	12,532
American Tire Distributors, Inc., 11.50%, 6/1/18 "	Distribution	25,000	25,000	25,000
American Tire Distributors, Inc., 9.75%, 6/1/17 "	Distribution	10,000	9,877	10,100
Angelica Corporation, 15.00%, 2/4/14	Healthcare	60,000	60,000	64,500
ATI Acquisition Company, L+1100, 12/30/15	Education	38,500	37,772	38,115
BNY ConvergEx Group, LLC, 14.00%, 10/2/14	Business Services	42,943	36,348	44,361
Booz Allen Hamilton Inc., 13.00%, 7/31/16	Consulting Services	23,435	23,119	23,962
Catalina Marketing Corporation, 11.625%, 10/1/17 "	Grocery	42,175	41,344	44,284
Catalina Marketing Corporation, 10.50%, 10/1/15 "	Grocery	5,000	5,097	5,125
Ceridian Corp., 12.25%, 11/15/15	Diversified Service	53,250	53,250	48,458
Ceridian Corp., 11.25%, 11/15/15	Diversified Service	36,000	35,273	32,580
Cidron Healthcare C S.á.R.L. (Convatec) E+950, 8/1/17	Healthcare	8,136	12,681	9,691
Delta Educational Systems, Inc., 14.20%, 5/12/13	Education	\$ 19,575	19,203	20,064
Dura-Line Merger Sub, Inc., 14.00%, 9/22/14	Telecommunications	42,654	42,106	42,654
European Directories (DH5) B.V., 15.735%, 7/1/16 ***	Publishing	3,726	4,475	
European Directories (DH7) B.V., E+950, 7/1/15 ***	Publishing	17,871	21,846	
First Data Corporation, 11.25%, 3/31/16	Financial Services	\$ 40,000	33,964	29,800
First Data Corporation, 9.875%, 9/24/15	Financial Services	45,500	40,301	34,864
FleetPride Corporation, 11.50%, 10/1/14 "	Transportation	47,500	47,500	46,075

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****June 30, 2010****(in thousands)**

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED PORTFOLIO COMPANIES 145.3%	Industry	Par Amount*	Cost	Fair Value(1)
Subordinated Debt/Corporate Notes (continued)				
Fox Acquisition Sub LLC, 13.375%, 7/15/16 "	Broadcasting & Entertainment	\$ 26,125	\$ 25,908	\$ 25,733
FPC Holdings, Inc. (FleetPride Corporation), 14.00%, 6/30/15 "	Transportation	37,846	37,734	35,575
General Nutrition Centers, Inc., 10.75%, 3/15/15	Retail	24,500	24,890	24,500
General Nutrition Centers, Inc., L+450, 3/15/14	Retail	12,275	12,157	11,232
Goodman Global Inc., 13.50%, 2/15/16	Manufacturing	25,000	25,590	27,563
Hub International Holdings, 10.25%, 6/15/15 "	Insurance	36,232	34,830	33,175
Intelsat Bermuda Ltd., 11.25%, 2/4/17	Broadcasting & Entertainment	90,000	91,951	91,350
Laureate Education, Inc., 11.75%, 8/15/17 "	Education	53,540	51,400	54,745
LVI Services, Inc., 17.25%, 11/16/12***	Environmental	53,263	53,263	5,000
MW Industries, Inc., 14.50%, 5/1/14	Manufacturing	61,645	60,871	62,877
NCO Group Inc., 11.875%, 11/15/14	Consumer Finance	22,630	19,109	21,725
N.E.W. Holdings I, LLC, L+750, 3/23/17	Consumer Services	40,000	40,000	39,175
Nielsen Finance LLC, 0% / 12.50%, 8/1/16	Market Research	61,000	56,101	58,179
Pacific Crane Maintenance Company, L.P., 15.00%, 2/15/14***	Machinery	52,074	36,825	885
Playpower Holdings Inc., 15.50%, 12/31/12 "	Leisure Equipment	104,716	104,716	79,584
Ranpak Holdings, Inc., 15.00%, 12/27/15	Packaging	70,095	70,095	70,095
RSA Holdings Corp. of Delaware (American Safety Razor), 13.50%, 1/30/15***	Consumer Products	59,308	55,479	
Sorenson Communications, Inc., 10.50%, 2/1/15 "	Consumer Services	32,500	31,925	20,963
SquareTwo Financial Corp. (Collect America, Ltd.), 11.625%, 4/1/17 "	Consumer Finance	53,000	52,101	50,350
The Servicemaster Company, 10.75%, 7/15/15 "	Diversified Service	52,173	49,692	54,292
TL Acquisitions, Inc. (Thomson Learning), 13.25%, 7/15/15 "	Education	72,500	72,261	68,150
TL Acquisitions, Inc. (Thomson Learning), 10.50%, 1/15/15 "	Education	22,000	20,746	20,460
US Foodservice, 10.75%, 6/30/15 "	Beverage, Food & Tobacco	81,543	63,770	80,523
U.S. Renal Care, Inc., 13.25%, 5/24/17	Healthcare	20,030	20,030	19,930
Varietal Distribution, 10.75%, 6/30/17	Distribution	22,204	21,676	20,872
Total Subordinated Debt/Corporate Notes			\$ 1,803,656	\$ 1,593,868
TOTAL CORPORATE DEBT			\$ 2,681,246	\$ 2,441,990

See notes to financial statements.

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INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED PORTFOLIO COMPANIES 145.3%	Industry	Par Amount*	Cost	Fair Value(1)
COLLATERALIZED LOAN OBLIGATIONS 1.3%				
Babson CLO Ltd., Series 2008-2A Class E, L+975, 7/15/18 "	Asset Management	\$ 11,000	\$ 10,111	\$ 10,285
Babson CLO Ltd., Series 2008-1A Class E, L+550, 7/20/18 "	Asset Management	10,150	7,559	7,651
Westbrook CLO Ltd., Series 2006-1A, L+370, 12/20/20 "	Asset Management	11,000	6,730	6,911
TOTAL COLLATERALIZED LOAN OBLIGATIONS			\$ 24,400	\$ 24,847

	Shares			
PREFERRED EQUITY 1.7%				
AHC Mezzanine LLC (Advanstar) **	Media	1	\$ 1,063	\$ 298
CA Holding, Inc. (Collect America, Ltd.) Series A **	Consumer Finance	7,961	788	1,592
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), 13.50%, 5/12/14	Education	12,360	20,010	20,766
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), 12.50% (Convertible)	Education	332,500	5,531	5,531
Varietal Distribution Holdings, LLC, 8.00%	Distribution	3,097	3,929	2,233
TOTAL PREFERRED EQUITY			\$ 31,321	\$ 30,420

EQUITY 9.8%**Common Equity/Interests 9.4%**

AB Capital Holdings LLC (Allied Security) **	Business Services	2,000,000	\$ 2,000	\$ 2,812
Accelerate Parent Corp. (American Tire)	Distribution	312,500	3,125	3,110
A-D Conduit Holdings, LLC (Duraline) **	Telecommunications	2,778	2,778	3,412
CA Holding, Inc. (Collect America, Ltd.) Series A **	Consumer Finance	25,000	2,500	1,056
CA Holding, Inc. (Collect America, Ltd.) Series AA **	Consumer Finance	4,294	429	859
Clothesline Holdings, Inc. (Angelica) **	Healthcare	6,000	6,000	8,569
Explorer Coinvest LLC (Booz Allen)	Consulting Services	430	4,300	9,033
FSC Holdings Inc. (Hanley Wood LLC) **	Media	10,000	10,000	
Garden Fresh Restaurant Holding, LLC **	Retail	50,000	5,000	10,586
Gryphon Colleges Corporation (Delta Educational Systems, Inc.)**	Education	17,500	175	3,699
GS Prysmian Co-Invest L.P. (Prysmian Cables & Systems)(5,6)	Industrial	1		255
LVI Acquisition Corp. (LVI Services, Inc.) **	Environmental	6,250	2,500	
MEG Energy Corp.(7)	Oil & Gas	2,176,722	55,006	92,300

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****June 30, 2010****(in thousands, except shares and warrants)**

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED PORTFOLIO COMPANIES 145.3%	Industry	Shares	Cost	Fair Value(1)
Common Equity/Interests (continued)				
New Omaha Holdings Co-Invest LP (First Data) **	Financial Services	13,000,000	\$ 65,000	\$ 20,814
PCMC Holdings, LLC (Pacific Crane) **	Machinery	50,000	4,000	
Penton Business Media Holdings, LLC	Media	124	4,950	4,950
Pro Mach Co-Investment, LLC **	Machinery	150,000	1,500	3,631
RC Coinvestment, LLC (Ranpak Corp.) **	Packaging	50,000	5,000	5,689
Sorenson Communications Holdings, LLC Class A	Consumer Services	454,828	45	2,340
Varietal Distribution Holdings, LLC Class A **	Distribution	28,028	28	
Total Common Equity/Interests			\$ 174,336	\$ 173,115
Warrants 0.4%				
CA Holding, Inc. (Collect America, Ltd.), Common **	Consumer Finance	7,961	\$ 8	
Fidji Luxco (BC) S.C.A., Common (FCI) (5) **	Electronics	48,769	491	\$ 2,932
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Common **	Education	9,820	98	1,923
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Class A-1 Preferred **	Education	45,947	459	764
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Class B-1 Preferred **	Education	104,314	1,043	1,734
Total Warrants			\$ 2,099	\$ 7,353
TOTAL EQUITY			\$ 176,435	\$ 180,468
Total Investments in Non-Controlled/ Non-Affiliated Portfolio Companies			\$ 2,913,402	\$ 2,677,725

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS (unaudited) (continued)

June 30, 2010

(in thousands, except shares and warrants)

INVESTMENTS IN NON-CONTROLLED/AFFILIATED PORTFOLIO COMPANIES 5.3%(8)	Industry	Par Amount*	Cost	Fair Value(1)
CORPORATE DEBT 4.4%				
BANK DEBT/SENIOR SECURED LOANS 3.8%(2)				
1st Lien Bank Debt/Senior Secured Loans 0.1%				
Gray Wireline Service, Inc., 10/22/12	Oil & Gas	\$ 1,000	\$ 1,000	\$ 1,000
2nd Lien Bank Debt/Senior Secured Loans 3.7%				
Gray Wireline Service, Inc., 14.00%, 10/22/12	Oil & Gas	\$ 77,796	\$ 77,796	\$ 68,383
TOTAL BANK DEBT/SENIOR SECURED LOANS			\$ 78,796	\$ 69,383
Subordinated Debt/Corporate Notes 0.6%				
DSI Renal Inc., 17.00%, 4/7/14	Healthcare	\$ 10,131	\$ 10,131	\$ 10,516
TOTAL CORPORATE DEBT			\$ 88,927	\$ 79,899
				Shares
EQUITY 0.9%				
Common Equity/Interests 0.7%				
CDSI I Holding Company, Inc. (DSI Renal Inc.)	Healthcare	9,303	\$ 9,300	\$ 13,269
Gray Energy Services, LLC Class H (Gray Wireline) **	Oil & Gas	1,081	2,000	
Total Common Equity/Interests			\$ 11,300	\$ 13,269
				Warrants
Warrants 0.2%				
CDSI I Holding Company, Inc. Series A (DSI Renal Inc.)	Healthcare	2,031	\$ 773	\$ 1,186
CDSI I Holding Company, Inc. Series B (DSI Renal Inc.)	Healthcare	2,031	645	987
CDSI I Holding Company, Inc. (DSI Renal Inc.) §	Healthcare	6,093,750	1,003	1,423
Gray Holdco, Inc. (Gray Wireline)	Oil & Gas	3,559		
Total Warrants			\$ 2,421	\$ 3,596
TOTAL EQUITY			\$ 13,721	\$ 16,865
Total Investments in Non-Controlled/Affiliated Portfolio Companies			\$ 102,648	\$ 96,764

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****June 30, 2010****(in thousands, except shares)**

INVESTMENTS IN CONTROLLED PORTFOLIO COMPANIES 4.0% (9)	Industry	Shares	Cost	Fair Value(1)
Preferred Equity 0.0%				
Grand Prix Holdings, LLC Series A, 12.00% (Innkeepers USA) ***	Hotels, Motels, Inns & Gaming	2,989,431	\$ 101,346	\$ 0
EQUITY				
Common Equity/Interests 4.0%				
AIC Credit Opportunity Fund LLC (10)	Asset Management		\$ 71,741	\$ 60,038
Generation Brands Holdings, Inc. (Quality Home Brands)	Consumer Products	750		230
Generation Brands Holdings, Inc. Series H (Quality Home Brands)	Consumer Products	7,500	2,297	2,297
Generation Brands Holdings, Inc. Series 2L (Quality Home Brands)	Consumer Products	36,700	11,242	11,242
Grand Prix Holdings, LLC (Innkeepers USA) **	Hotels, Motels, Inns & Gaming	17,335,834	172,664	
Total Common Equity/Interests			\$ 257,944	\$ 73,807
TOTAL EQUITY			\$ 257,944	\$ 73,807
Total Investments in Controlled Portfolio Companies			\$ 359,290	\$ 73,807
Total Investments 154.6% (11)			\$ 3,375,340	\$ 2,848,296
		Par Amount*		
CASH EQUIVALENTS 10.8%				
U.S. Treasury Bill, 0.14%, 9/30/10	Government	\$ 200,000	\$ 199,929	\$ 199,923
Total Investments and Cash Equivalents 165.4%			\$ 3,575,269	\$ 3,048,219
Liabilities in Excess of Other Assets (65.4%)				(1,205,317)
Net Assets 100.0%				\$ 1,842,902

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (unaudited) (continued)****June 30, 2010****(in thousands)**

- (1) Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (see note 2).
- (2) Includes floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the LIBOR (London Inter-bank Offered Rate), EURIBOR (Euro Inter-bank Offered Rate), GBP LIBOR (London Inter-bank Offered Rate for British Pounds), or the prime rate. At June 30, 2010, the range of interest rates on floating rate bank debt was 4.66% to 12.00%.
- (3) Position is held across five US Dollar-denominated tranches with varying yields.
- (4) Position is held across three Euro-denominated tranches with varying yields.
- (5) Denominated in Euro ().
- (6) The Company is the sole Limited Partner in GS Prysmian Co-Invest L.P.
- (7) Denominated in Canadian dollars.
- (8) Denotes investments in which we are an Affiliated Person, as defined in the 1940 Act, due to owning, controlling, or holding the power to vote, 5% or more of the outstanding voting securities of the investment. Transactions during the three months ended June 30, 2010 in these Affiliated investments are as follows:

Name of Issuer	Fair Value at March 31, 2010	Gross Additions	Gross Reductions	Interest/Dividend Income	Fair Value at June 30, 2010
Gray Wireline Service, Inc. 1 st Out	\$ 1,000	\$	\$	\$ 20	\$ 1,000
Gray Wireline Service, Inc. 2 nd Out	59,251	242		2,715	68,383
DSI Renal, Inc., 17.00%	10,057	271		419	10,516
CDSI I Holding Company, Inc. Common Equity	10,206				13,269
Gray Energy Services, LLC Class H Common Equity					
CDSI I Holding Company, Inc. Series A Warrant	854				1,186
CDSI I Holding Company, Inc. Series B Warrant	693				987
CDSI I Holding Company, Inc. Contingent Payment Agreement	1,075				1,423
Gray Holdco, Inc. Warrant					
	\$ 83,136	\$ 513	\$	\$ 3,154	\$ 96,764

- (9) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Transactions during the three months ended June 30, 2010 in these Controlled investments are as follows:

Name of Issuer	Fair Value at March 31, 2010	Gross Additions	Gross Reductions	Interest/Dividend Income	Fair Value at June 30, 2010
Grand Prix Holdings, LLC Series A Preferred	\$ 5,268	\$	\$	\$	\$
AIC Credit Opportunity Fund LLC					
Common Equity (10)	73,514	1,700			60,038
Generation Brands Holdings, Inc. Common Equity	230				230
Generation Brands Holdings, Inc. Series H					
Common Equity	2,297				2,297
Generation Brands Holdings, Inc. Series 2L Common Equity	11,242				11,242
Grand Prix Holdings, LLC Common Equity					
	\$ 92,551	\$ 1,700	\$	\$	\$ 73,807

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS (unaudited) (continued)

June 30, 2010

(in thousands)

The Company has a 99%, 100%, and 27% equity ownership interest in Grand Prix Holdings LLC, AIC Credit Opportunity Fund LLC, and Generation Brands Holdings, Inc., respectively.

(10) See note 6.

(11) Aggregate gross unrealized appreciation for federal income tax purposes is \$138,475; aggregate gross unrealized depreciation for federal income tax purposes is \$635,974. Net unrealized depreciation is \$497,499 based on a tax cost of \$3,545,718.

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

* Denominated in USD unless otherwise noted.

** Non-income producing security

*** Non-accrual status (see note 2m)

Denote securities where the Company owns multiple tranches of the same broad asset type but whose security characteristics differ. Such differences may include level of subordination, call protection and pricing, differing interest rate characteristics, among other factors. Such factors are usually considered in the determination of fair values.

§ Position reflects a contingent payment agreement.

See notes to financial statements.

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

Industry Classification	Percentage of Total Investments (at fair value) as of June 30, 2010
Education	9.9%
Healthcare	7.5%
Business Services	6.8%
Insurance	6.2%
Retail	5.7%
Oil & Gas	5.7%
Diversified Service	5.7%
Packaging	5.1%
Financial Services	4.2%
Broadcasting & Entertainment	4.2%
Grocery	3.5%
Manufacturing	3.2%
Leisure Equipment	3.1%
Asset Management	3.0%
Telecommunications	2.9%
Transportation	2.9%
Beverage, Food & Tobacco	2.8%
Consumer Finance	2.6%
Consumer Services	2.2%
Distribution	2.2%
Electronics	2.1%
Industrial	2.1%
Market Research	2.0%
Logistics	1.3%
Consulting Services	1.2%
Environmental	1.0%
Consumer Products	0.5%
Media	0.2%
Machinery	0.2%
Hotels, Motels, Inns & Gaming	0.0%
Publishing	0.0%
Total Investments	100.0%

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS****March 31, 2010****(in thousands)**

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED PORTFOLIO COMPANIES 151.1%	Industry	Par Amount*	Cost	Fair Value(1)
CORPORATE DEBT 137.2%				
BANK DEBT/SENIOR SECURED LOANS(2) 44.2%				
1st Lien Bank Debt/Senior Secured Loans 1.2%				
ATI Acquisition Company, 12/30/14	Education	\$ 18,454	\$ 17,743	\$ 18,038
FoxCo Acquisition Sub LLC, 7/14/15	Broadcasting & Entertainment	3,905	3,493	3,788
Total 1st Lien Bank Debt/Senior Secured Loans			\$ 21,236	\$ 21,826
2nd Lien Bank Debt/Senior Secured Loans 43.0%				
AB Acquisitions UK Topco 2 Limited (Alliance Boots), 7/9/16	Retail	£ 11,400	\$ 19,983	\$ 15,321
AB Acquisitions UK Topco 2 Limited (Alliance Boots), 7/9/16	Retail	3,961	5,499	4,749
American Safety Razor Company, LLC, 1/30/14	Consumer Products	\$ 1,000	774	625
Asurion Corporation, 7/3/15	Insurance	148,300	147,019	147,605
BNY ConvergeX Group, LLC, 4/2/14	Business Services	83,229	80,722	83,229
C.H.I. Overhead Doors, Inc., 13.00%, 10/22/11	Building Products	15,000	15,012	15,000
Clean Earth, Inc., 13.00%, 8/1/14	Environmental	25,000	25,000	24,875
Datatel, Inc., 12/9/16	Education	20,000	19,923	20,350
Dresser, Inc., 5/4/15	Industrial	62,938	62,656	60,289
Educate, Inc., 6/14/14	Education	10,000	10,000	9,400
Garden Fresh Restaurant Corp., 12/22/11	Retail	33,600	32,880	33,600
Generics International, Inc., 4/30/15	Healthcare	20,000	19,931	20,000
Infor Enterprise Solutions Holdings, Inc., Tranche B-1, 3/2/14	Business Services	5,000	5,000	3,925
Infor Enterprise Solutions Holdings, Inc., 3/2/14	Business Services	15,000	14,883	12,581
Infor Global Solutions European Finance S.á.R.L., 3/2/14	Business Services	6,210	8,263	6,722
IPC Systems, Inc., 6/1/15	Telecommunications	\$ 44,250	41,165	37,613
Kronos, Inc., 6/11/15	Electronics	60,000	60,000	56,820
Ozburn-Hessey Holding Company LLC, 10/8/16	Logistics	35,000	35,000	35,000
Ranpak Corp., 12/27/14(3)	Packaging	43,550	37,564	43,165

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2010****(in thousands)**

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED PORTFOLIO COMPANIES 151.1%	Industry	Par Amount*	Cost	Fair Value(1)
2nd Lien Bank Debt/Senior Secured Loans (continued)				
Ranpak Corp., 12/27/14(4)	Packaging	21,970	\$ 27,074	\$ 29,464
Sheridan Holdings, Inc., 6/15/15	Healthcare	\$ 67,847	66,948	67,169
TransFirst Holdings, Inc., 6/15/15	Financial Services	36,632	35,687	33,519
Total 2nd Lien Bank Debt/Senior Secured Loans			\$ 770,983	\$ 761,021
TOTAL BANK DEBT/SENIOR SECURED LOANS			\$ 792,219	\$ 782,847
Subordinated Debt/Corporate Notes 93.0%				
AB Acquisitions UK Topco 2 Limited (Alliance Boots), GBP L+650, 7/9/17	Retail	£ 40,847	\$ 79,172	\$ 56,817
Advantage Sales & Marketing, Inc., 12.00%, 3/29/14	Grocery	\$ 32,535	32,164	32,860
Allied Security Holdings LLC, 13.75%, 8/21/15	Business Services	20,000	19,661	20,500
Altegrity Inc., 11.75%, 5/1/16 "	Diversified Service	14,639	9,716	13,644
Altegrity Inc., 10.50%, 11/1/15 "	Diversified Service	13,475	11,852	12,693
Angelica Corporation, 15.00%, 2/4/14	Healthcare	60,000	60,000	64,260
ATI Acquisition Company, L+1100, 12/30/15	Education	38,500	37,750	38,115
BNY ConvergeX Group, LLC, 14.00%, 10/2/14	Business Services	42,730	35,913	44,140
Booz Allen Hamilton Inc., 13.00%, 7/31/16	Consulting Services	23,435	23,109	24,197
Catalina Marketing Corporation, 11.625%, 10/1/17 "	Grocery	42,175	40,997	45,549
Catalina Marketing Corporation, 10.50%, 10/1/15 "	Grocery	5,000	5,094	5,300
Ceridian Corp., 13.00%, 11/15/15	Diversified Service	53,250	53,250	52,185
Ceridian Corp., 11.25%, 11/15/15	Diversified Service	36,000	35,246	34,740
Cidron Healthcare C S.á.R.L. (Convatec) E+950, 8/1/17	Healthcare	8,033	12,547	10,923
Delta Educational Systems, Inc., 14.20%, 5/12/13	Education	\$ 19,517	19,120	19,713
Dura-Line Merger Sub, Inc., 14.00%, 9/22/14	Telecommunications	42,363	41,792	42,787
European Directories (DH5) B.V., 15.735%, 7/1/16 ***	Publishing	3,452	4,475	
European Directories (DH7) B.V., E+950, 7/1/15 ***	Publishing	17,454	21,846	5,810
First Data Corporation, 11.25%, 3/31/16	Financial Services	\$ 40,000	33,801	33,500
First Data Corporation, 9.875%, 9/24/15	Financial Services	45,500	40,129	39,244
FleetPride Corporation, 11.50%, 10/1/14 "	Transportation	47,500	47,500	46,075

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2010****(in thousands)**

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED PORTFOLIO COMPANIES 151.1%	Industry	Par Amount*	Cost	Fair Value(1)
Subordinated Debt/Corporate Notes (continued)				
FoxCo Acquisition Sub LLC, 13.375%, 7/15/16 "	Broadcasting & Entertainment	\$ 25,250	\$ 25,034	\$ 25,250
FPC Holdings, Inc. (FleetPride Corporation), 14.00%, 6/30/15 "	Transportation	37,846	37,429	35,575
General Nutrition Centers, Inc., L+450, 3/15/14	Retail	12,275	12,149	11,630
General Nutrition Centers, Inc., 10.75%, 3/15/15	Retail	24,500	24,906	25,113
Goodman Global Inc., 13.50%, 2/15/16	Manufacturing	25,000	25,518	28,000
Hub International Holdings, 10.25%, 6/15/15 "	Insurance	33,732	32,498	32,214
Intelsat Bermuda Ltd., 11.25%, 2/4/17	Broadcasting & Entertainment	75,000	77,335	79,469
Laureate Education, Inc., 11.75%, 8/15/17 "	Education	53,540	51,133	56,217
LVI Services, Inc., 17.25%, 11/16/12	Environmental	51,061	51,061	15,000
MW Industries, Inc., 14.50%, 5/1/14	Manufacturing	61,186	60,375	62,471
NCO Group Inc., 11.875%, 11/15/14	Consumer Finance	22,630	18,974	21,758
N.E.W. Holdings I, LLC, L+750, 3/23/17	Consumer Services	40,000	40,000	39,600
Nielsen Finance LLC, 0% / 12.50%, 8/1/16	Market Research	61,000	54,275	58,255
Pacific Crane Maintenance Company, L.P., 15.00%, 2/15/14 ***	Machinery	50,172	36,825	1,505
PBM Holdings, Inc., 13.50%, 9/29/13	Beverage, Food & Tobacco	17,723	17,723	18,210
Playpower Holdings Inc., 15.50%, 12/31/12 "	Leisure Equipment	97,184	97,184	82,325
Ranpak Holdings, Inc., 15.00%, 12/27/15	Packaging	67,643	67,643	68,557
RSA Holdings Corp. of Delaware (American Safety Razor), 13.50%, 1/30/15 ***	Consumer Products	57,351	55,479	6,882
Sorenson Communications, Inc., 10.50%, 2/1/15 "	Consumer Services	32,500	31,901	31,444
SquareTwo Financial Corp. (Collect America, Ltd.), 11.625%, 4/1/17 "	Consumer Finance	55,000	54,046	54,046
The Servicemaster Company, 10.75%, 7/15/15 "	Diversified Service	52,173	49,286	55,580
TL Acquisitions, Inc. (Cengage Learning), 13.25%, 7/15/15 "	Education	72,500	72,253	70,748
TL Acquisitions, Inc. (Cengage Learning), 10.50%, 1/15/15 "	Education	22,000	20,681	21,065
US Foodservice, 10.25%, 6/30/15 "	Beverage, Food & Tobacco	81,543	62,034	84,498
Varietal Distribution, 10.75%, 6/30/17	Distribution	22,204	21,664	20,983
Total Subordinated Debt/Corporate Notes			\$ 1,762,540	\$ 1,649,447
TOTAL CORPORATE DEBT			\$ 2,554,759	\$ 2,432,294

See notes to financial statements.

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

March 31, 2010

(in thousands, except shares)

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED PORTFOLIO COMPANIES 151.1%	Industry	Par Amount*	Cost	Fair Value(1)
COLLATERALIZED LOAN OBLIGATIONS 1.5%				
Babson CLO Ltd., Series 2008-2A Class E, L+975, 7/15/18 "	Asset Management	\$ 11,000	\$ 10,097	\$ 10,690
Babson CLO Ltd., Series 2008-1A Class E, L+550, 7/20/18 "	Asset Management	10,366	7,676	8,420
Westbrook CLO Ltd., Series 2006-1A, L+370, 12/20/20 "	Asset Management	11,000	6,684	6,756
TOTAL COLLATERALIZED LOAN OBLIGATIONS			\$ 24,457	\$ 25,866

	Shares			
PREFERRED EQUITY 1.6%				
AHC Mezzanine LLC (Advanstar) **	Media	1	\$ 1,063	\$ 298
CA Holding, Inc. (Collect America, Ltd.) Series A	Consumer Finance	7,961	788	1,592
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), 13.50%, 5/12/14	Education	12,360	19,286	19,443
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), 12.50% (Convertible)	Education	332,500	5,364	5,360
Varietal Distribution Holdings, LLC, 8.00%	Distribution	3,097	3,852	1,907
TOTAL PREFERRED EQUITY			\$ 30,353	\$ 28,600

EQUITY 10.8%**Common Equity/Interests 10.4%**

AB Capital Holdings LLC (Allied Security) **	Business Services	2,000,000	\$ 2,000	\$ 2,628
A-D Conduit Holdings, LLC (Duraline) **	Telecommunications	2,778	2,778	4,381
CA Holding, Inc. (Collect America, Ltd.) Series A **	Consumer Finance	25,000	2,500	1,771
CA Holding, Inc. (Collect America, Ltd.) Series AA **	Consumer Finance	4,294	429	859
Clothesline Holdings, Inc. (Angelica) **	Healthcare	6,000	6,000	8,901
Explorer Coinvest LLC (Booz Allen)	Consulting Services	430	4,300	8,849
FSC Holdings Inc. (Hanley Wood LLC) **	Media	10,000	10,000	167
Garden Fresh Restaurant Holding, LLC **	Retail	50,000	5,000	11,455
Gryphon Colleges Corporation (Delta Educational Systems, Inc.) **	Education	17,500	175	4,014
GS Prysmian Co-Invest L.P. (Prysmian Cables & Systems)(5,6)	Industrial	1		385
LVI Acquisition Corp. (LVI Services, Inc.) **	Environmental	6,250	2,500	
MEG Energy Corp.(7)	Oil & Gas	2,176,722	55,006	88,202

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2010****(in thousands, except shares and warrants)**

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED PORTFOLIO COMPANIES 151.1%	Industry	Shares	Cost	Fair Value(1)
Common Equity/Interests (continued)				
New Omaha Holdings Co-Invest LP (First Data) **	Financial Services	13,000,000	\$ 65,000	\$ 31,590
PCMC Holdings, LLC (Pacific Crane) **	Machinery	50,000	4,000	
Penton Business Media Holdings, LLC	Media	124	4,950	4,950
Pro Mach Co-Investment, LLC **	Machinery	150,000	1,500	4,200
RC Coinvestment, LLC (Ranpak Corp.) **	Packaging	50,000	5,000	5,088
Sorenson Communications Holdings, LLC Class A	Consumer Services	454,828	45	6,080
Varietal Distribution Holdings, LLC Class A **	Distribution	28,028	28	
Total Common Equity/Interests			\$ 171,211	\$ 183,520
Warrants				
Warrants 0.4%				
CA Holding, Inc. (Collect America, Ltd.), Common	Consumer Finance	7,961	\$ 8	
Fidji Luxco (BC) S.C.A., Common (FCI)(5) **	Electronics	48,769	491	\$ 2,939
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Common **	Education	9,820	98	2,252
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Class A-1 Preferred **	Education	45,947	460	741
Gryphon Colleges Corporation (Delta Educational Systems, Inc.), Class B-1 Preferred **	Education	104,314	1,043	1,681
Total Warrants			\$ 2,100	\$ 7,613
TOTAL EQUITY			\$ 173,311	\$ 191,133
Total Investments in Non-Controlled/ Non-Affiliated Portfolio Companies			\$ 2,782,880	\$ 2,677,893

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2010****(in thousands, except shares and warrants)**

INVESTMENTS IN NON-CONTROLLED/AFFILIATED PORTFOLIO COMPANIES 4.7%(8)	Industry	Par Amount*	Cost	Fair Value(1)
CORPORATE DEBT 4.0%				
BANK DEBT/SENIOR SECURED LOANS (2) 3.4%				
1st Lien Bank Debt/Senior Secured Loans 0.1%				
Gray Wireline Service, Inc., 10/22/12	Oil & Gas	\$ 1,000	\$ 1,000	\$ 1,000
2nd Lien Bank Debt/Senior Secured Loans 3.3%				
Gray Wireline Service, Inc., 14.00%, 10/22/12	Oil & Gas	\$ 77,554	\$ 77,554	\$ 59,251
TOTAL BANK DEBT/SENIOR SECURED LOANS			\$ 78,554	\$ 60,251
Subordinated Debt/Corporate Notes 0.6%				
DSI Renal Inc., 17.00%, 4/7/14	Healthcare	\$ 9,860	\$ 9,860	\$ 10,057
TOTAL CORPORATE DEBT			\$ 88,414	\$ 70,308
Shares				
EQUITY 0.7%				
Common Equity/Interests 0.6%				
CDSI I Holding Company, Inc. (DSI Renal Inc.)	Healthcare	9,303	\$ 9,300	\$ 10,206
Gray Energy Services, LLC Class H (Gray Wireline) **	Oil & Gas	1,081	2,000	
Total Common Equity/Interests			\$ 11,300	\$ 10,206
Warrants				
Warrants 0.1%				
CDSI I Holding Company, Inc. Series A (DSI Renal Inc.)	Healthcare	2,031	\$ 773	\$ 854
CDSI I Holding Company, Inc. Series B (DSI Renal Inc.)	Healthcare	2,031	645	693
CDSI I Holding Company, Inc. (DSI Renal Inc.) §	Healthcare	6,093,750	1,003	1,075
Gray Holdco, Inc.	Oil & Gas	3,559		
Total Warrants			\$ 2,421	\$ 2,622
TOTAL EQUITY			\$ 13,721	\$ 12,828
Total Investments in Non-Controlled/Affiliated Portfolio Companies			\$ 102,135	\$ 83,136

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2010****(in thousands, except shares)**

INVESTMENTS IN CONTROLLED PORTFOLIO COMPANIES 5.2%(9)	Industry	Shares	Cost	Fair Value(1)
Preferred Equity 0.3%				
Grand Prix Holdings, LLC Series A, 12.00% (Innkeepers USA) ***	Hotels, Motels, Inns & Gaming	2,989,431	\$ 101,346	\$ 5,268
EQUITY				
Common Equity/Interests 4.9%				
AIC Credit Opportunity Fund LLC (10)	Asset Management		\$ 70,041	\$ 73,514
Generation Brands Holdings, Inc. (Quality Home Brands)	Consumer Products	750		230
Generation Brands Holdings, Inc. Series H (Quality Home Brands)	Consumer Products	7,500	2,297	2,297
Generation Brands Holdings, Inc. Series 2L (Quality Home Brands)	Consumer Products	36,700	11,242	11,242
Grand Prix Holdings, LLC (Innkeepers USA) **	Hotels, Motels, Inns & Gaming	17,335,834	172,664	
Total Common Equity/Interests			\$ 256,244	\$ 87,283
TOTAL EQUITY			\$ 256,244	\$ 87,283
Total Investments in Controlled Portfolio Companies			\$ 357,590	\$ 92,551
Total Investments 161.0%(11)			\$ 3,242,605	\$ 2,853,580
		Par Amount*		
CASH EQUIVALENTS 25.3%				
U.S. Treasury Bill, 0.13%, 7/1/10	Government	\$ 450,000	\$ 449,852	\$ 449,828
Total Investments and Cash Equivalents 186.3%			\$ 3,692,457	\$ 3,303,408
Liabilities in Excess of Other Assets (86.3%)				(1,530,602)
Net Assets 100.0%				\$ 1,772,806

See notes to financial statements.

Table of Contents**APOLLO INVESTMENT CORPORATION****SCHEDULE OF INVESTMENTS (continued)****March 31, 2010****(in thousands)**

- (1) Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (see note 2).
- (2) Includes floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the LIBOR (London Inter-bank Offered Rate), EURIBOR (Euro Inter-bank Offered Rate), GBP LIBOR (London Inter-bank Offered Rate for British Pounds), or the prime rate. At March 31, 2010, the range of interest rates on floating rate bank debt was 4.59% to 10.50%.
- (3) Position is held across five US Dollar-denominated tranches with varying yields.
- (4) Position is held across three Euro-denominated tranches with varying yields.
- (5) Denominated in Euro ().
- (6) The Company is the sole Limited Partner in GS Prysman Co-Invest L.P.
- (7) Denominated in Canadian dollars.
- (8) Denotes investments in which we are an Affiliated Person, as defined in the 1940 Act, due to owning, controlling, or holding the power to vote, 5% or more of the outstanding voting securities of the investment. Transactions during the fiscal year ended March 31, 2010 in these Affiliated investments are as follows:

Name of Issuer	Fair Value at March 31, 2009	Gross Additions	Gross Reductions	Interest/Dividend Income	Fair Value at March 31, 2010
Gray Wireline Service, Inc. 1 st Out	\$	\$ 1,000	\$	\$ 5	\$ 1,000
Gray Wireline Service, Inc. 2 nd Out		77,554		633	59,251
DSI Renal, Inc., 17.00%		9,860		364	10,057
CDSI I Holding Company, Inc. Common Equity		9,300			10,206
Gray Energy Services, LLC Class H Common Equity	3,590				
CDSI I Holding Company, Inc. Series A Warrant		773			854
CDSI I Holding Company, Inc. Series B Warrant		645			693
CDSI I Holding Company, Inc. Contingent Payment Agreement		1,003			1,075
Gray Holdco, Inc. Warrant					
	\$ 3,590	\$ 100,135	\$	\$ 1,002	\$ 83,136

- (9) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Transactions during the fiscal year ended March 31, 2010 in these Controlled investments are as follows: