APOLLO INVESTMENT CORP
Form 497
December 10, 2009
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File No. 333-153879

P R O S P E C T U S S U P P L E M E N T

To the Prospectus dated August 6, 2009

10,000,000 shares

Common Stock

$9.82 per share

Apollo Investment Corporation is an externally managed closed-end, non-diversified management investment company that has elected to be treated as a business development company, or BDC, under the Investment Company Act of 1940 or 1940 Act. Our investment objective is to generate both current income and capital appreciation through debt and equity investments.

We are offering for sale 10,000,000 shares of our common stock. We have granted the underwriters a 30-day option to purchase up to 1,500,000 additional shares of our common stock at the public offering price, less the underwriting discounts and commissions, to cover over-allotments.

Our common stock is traded on the Nasdaq Global Select Market under the symbol AINV . The last reported closing price for our common stock on December 9, 2009 was $9.82 per share.

We are offering shares of our common stock at a discount from our most recently determined net asset value per share pursuant to authority granted by our stockholders at the annual meeting of stockholders held on August 5, 2009. Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing our net asset value per share and may reduce our market price per share. See Risk Factors beginning on page 8 of the accompanying prospectus and Sales of Common Stock Below Net Asset Value beginning on page S-23 of this prospectus supplement and on page 40 of the accompanying prospectus.

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

Investing in our securities involves a high degree of risk, including the risk of the use of leverage, and is highly speculative. Before buying any securities, you should read the discussion of the material risks of investing in our securities in Risk Factors beginning on page 8 of the accompanying base prospectus.

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

	Per share	Total
Public Offering Price	$ 9.82	$ 98,200,000
Sales Load (Underwriting Discounts and Commissions)	$ 0.44	$ 4,419,000
Proceeds to Apollo Investment Corporation (before estimated expenses of $300,000)	$ 9.38	$ 93,781,000

The underwriters expect to deliver the shares to purchasers on or about December 15, 2009.

BofA Merrill Lynch

Citi

J.P. Morgan

UBS Investment Bank

BMO Capital Markets **Keefe, Bruyette & Woods** **RBC Capital Markets** **SunTrust Robinson Humphrey**
Fortis Securities LLC **Natixis Bleichroeder LLC** **Stifel Nicolaus**

Prospectus Supplement dated December 9, 2009

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

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FEES AND EXPENSES

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

Stockholder transaction expenses:	
Sales load (as a percentage of offering price)	4.50%(1)
Offering expenses (as a percentage of offering price)	0.31%(2)
Total stockholder transaction expenses (as a percentage of offering price)	4.81%(3)
Estimated annual expenses (as percentage of net assets attributable to common stock):(4)	
Management fees	2.91%(5)
Incentive fees payable under investment advisory and management agreement	2.83%(6)
Other expenses	0.63%(7)
Interest and other credit facility related expenses on borrowed funds	1.06%(8)
Total annual expenses as a percentage of net assets(9)	7.43%(5,6,7,8)

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. These dollar amounts are based upon payment by an investor of a 4.50% sales load (underwriting discounts and commissions) and the assumption that our annual operating expenses and leverage would remain at the levels set forth in the table above (other than performance-based incentive fees).

	1 year	3 years	5 years	10 years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 92	$ 180	$ 270	$ 495

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

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

(1) Represents the estimated underwriting discounts and commissions with respect to the shares to be sold by us in this offering.
(2) Based on the public offering price of $9.82 per share.
(3) The expenses of the dividend reinvestment plan per share are included in Other expenses.

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(4) Net assets attributable to common stock equals net assets as of September 30, 2009 plus the anticipated net proceeds from this offering.

(5) The contractual management fee is calculated at an annual rate of 2.00% of our average total assets. Annual expenses are based on current fiscal year estimates. For more detailed information about our computation of average total assets, please see Notes 3 and 9 of our financial statements dated September 30, 2009 included in this prospectus supplement.

(6) Assumes that annual incentive fees earned by our investment adviser, AIM, remain consistent with the incentive fees accrued by AIM for the six months ended September 30, 2009. AIM earns incentive fees consisting of two parts. The first part, which is payable quarterly in arrears, is based on our pre-incentive fee net investment income for the immediately preceding calendar quarter. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to the rate of 1.75% quarterly (7% annualized). Our net investment income used to calculate this part of the incentive fee is also included in the amount of our gross assets used to calculate the 2% base management fee (see footnote 5 above). Accordingly, we pay AIM an incentive fee as follows: (1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed 1.75%, which we commonly refer to as the performance threshold; (2) 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the performance threshold but does not exceed 2.1875% in any calendar quarter; and (3) 20% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter. These calculations are appropriately pro rated for any period of less than three months. The effect of the fee calculation described above is that if pre-incentive fee net investment income is equal to or exceeds 2.1875%, AIM will receive a fee of 20% of our pre-incentive fee net investment income for the quarter. You should be aware that a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates would make it easier for us to meet or exceed the incentive fee performance threshold and may result in a substantial increase of the amount of incentive fees payable to our investment adviser with respect to pre-incentive fee net investment income. Furthermore, since the performance threshold is based on a percentage of our net asset value, decreases in our net asset value make it easier to achieve the performance threshold. The second part of the incentive fee will equal 20% of our realized capital gains for the calendar year, if any, computed net of all realized capital losses and unrealized capital depreciation (and incorporating unrealized depreciation on a gross investment-by-investment basis) and is payable in arrears at the end of each calendar year. For a more detailed discussion of the calculation of this fee, see Management Investment Advisory and Management Agreement in the accompanying base prospectus.

(7) Includes our estimated overhead expenses, including payments under the administration agreement based on our estimated allocable portion of overhead and other expenses incurred by Apollo Investment Administration in performing its obligations under the administration agreement. See Compensation of Directors and Officers Administration Agreement in the accompanying base prospectus.

(8) Our interest and other credit facility expenses are based on current fiscal year estimates. We currently have $0.80 billion available and $0.90 billion in borrowings outstanding under our credit facility as of September 30, 2009. For more information, see Risk Factors Risks relating to our business and structure We fund a portion of our investments with borrowed money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us in the accompanying base prospectus and Interim Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in this prospectus supplement.

(9) Total annual expenses as a percentage of net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage our net assets and increase our total assets. The SEC requires that the Total annual expenses percentage be calculated as a percentage of net assets (defined as total assets less indebtedness), rather than the total assets, including assets that have been funded with borrowed monies. If the Total annual expenses percentage were calculated instead as a percentage of total assets as of September 30, 2009 plus anticipated net proceeds from this offering, our Total annual expenses would be 4.87% of total assets. For a presentation and calculation of total annual expenses based on total assets see page S-14 of this prospectus supplement.

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RECENT DEVELOPMENTS

We have received commitments from our existing lenders sufficient to effect the amendment of our existing senior secured, multi-currency, revolving credit facility. We believe it strategically desirable to extend our senior credit facility sufficiently in advance of its current maturity in April 2011 and have received commitments of approximately $1.2 billion from our existing lenders. The amended senior credit facility maturing in April 2013 will allow us to seek to increase commitments up to an aggregate amount of $2.0 billion. The commitments available through April 2011 aggregate approximately $1.6 billion. Upon completion of the amended senior credit facility, outstanding borrowings on the extended commitments will be priced at LIBOR + 300 basis points while outstanding borrowings on the remaining commitments will continue to be priced at LIBOR + 100 basis points. As of September 30, 2009, we had $902 million of outstanding borrowings on our senior credit facility. We expect that the senior credit facility will continue to complement our equity capital to make additional portfolio investments and for general corporate purposes. Completion of the amended senior credit facility is subject to lender review and approval of definitive documentation and is expected to close prior to year-end. Upon completion, we expect to provide a summary of other material changes to be included in the definitive documentation relating to advance rates, liquidity and other matters under discussion with extending lenders.

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BUSINESS

This summary highlights some of the information in this prospectus supplement. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under Risk Factors in 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, or RIC, under the Internal Revenue Code of 1986, as amended (the Code).

Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in middle-market companies in the form of mezzanine and senior secured loans, as well as by making equity investments. From time to time, we may also invest in the securities of public companies as well as public companies whose securities are thinly traded.

Our portfolio is comprised primarily of investments in long-term subordinated debt, referred to as mezzanine debt, and senior secured loans of private middle-market companies, and from time to time 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 primary focus is to generate both current income and capital appreciation through investments in U.S. senior and subordinated loans, other debt securities and private equity, we may also invest a portion of the portfolio in opportunistic investments, including foreign securities. See Risk Factors Risks Related to Our Investments.

AIM and its 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 may 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.

During the three months ended September 30, 2009, we invested $38.8 million across 6 existing portfolio companies. This compares to investing $225.8 million in 5 new and 6 existing portfolio companies for the three months ended September 30, 2008. Investments sold or prepaid during the three months ended September 30, 2009 totaled $30.2 million versus $21.3 million for the three months ended September 30, 2008.

At September 30, 2009, our portfolio consisted of 71 portfolio companies and was invested 26% in senior secured loans, 57% in subordinated debt, 4% in preferred equity and 13% in common equity and warrants measured at fair value versus 78 portfolio companies invested 23% in senior secured loans, 57% in subordinated debt, 4% in preferred equity and 16% in common equity and warrants at September 30, 2008.

The weighted average yields on our senior secured loan portfolio, subordinated debt portfolio and total debt portfolio at our current cost basis were 7.9%, 13.2% and 11.5%, respectively, at September 30, 2009. At September 30, 2008, the yields were 10.2%, 13.4%, and 12.5%, respectively.

Since the initial public offering of Apollo Investment Corporation in April 2004 and through September 30, 2009, invested capital totals $5.7 billion in 124 portfolio companies. Over the same period, we also completed transactions with more than 85 different financial sponsors. At September 30, 2009, 66% or $1.5 billion of our income-bearing investment portfolio was fixed rate debt and 34% or $0.8 billion was floating rate debt, measured at fair value. At September 30, 2008, 66% or $1.8 billion of our income-bearing investment portfolio was fixed rate debt and 34% or $0.9 billion was floating rate debt.

About Apollo Investment Management

AIM, our investment adviser, is led by a dedicated team of investment professionals. AIM s investment committee currently consists of John J. Hannan, the Chairman of our board of directors and Chairman of AIM s Investment Committee; James C. Zelter, our Chief Executive Officer, a partner of AIM and a Vice President of the general partner of AIM; Patrick J. Dalton, our President and Chief Operating Officer, a partner of AIM and a Vice President and the Chief Investment Officer of the general partner of AIM; Rajay Bagaria, a partner of AIM and a Vice President of the general partner of AIM; and Justin Sendak a partner of AIM and a Vice President of the general partner of AIM. The composition of the Investment Committee of AIM may change from time to time. AIM draws upon Apollo s 19-year history and benefits from the Apollo investment professionals significant capital markets, trading and research expertise.

About Apollo Investment Administration

In addition to furnishing us with office facilities, equipment, and clerical, bookkeeping and record keeping services, AIA also oversees our financial records as well as the preparation of our reports to stockholders and reports filed with the SEC. AIA oversees the determination and publication of our net asset value, oversees the preparation and filing of our tax returns, and generally monitors the payment of our expenses and the performance of administrative and professional services rendered to us by others. 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 9 West 57th Street, New York, NY 10019. Our common stock is quoted on The Nasdaq Global Select Market under the symbol AINV. Our Internet website address is www.apolloic.com. Information contained on our website is not incorporated by reference into this prospectus and you should not consider information contained on our website to be part of this prospectus supplement or the accompanying base prospectus.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of the 10,000,000 shares of our common stock that we are offering, after deducting estimated expenses of this offering payable by us, will be approximately $93.5 million (or $107.5 million, if the over-allotment is exercised in full) based on a public offering price of $9.82 per share. We expect to use the net proceeds from selling shares of our common stock to fund new investments, to repay outstanding indebtedness and for general corporate purposes. Affiliates of the underwriters that are lenders under our senior credit facility will receive a portion of the net proceeds from this offering through the repayment of those borrowings.

At September 30, 2009, we had approximately $0.90 billion outstanding under our senior credit facility. Our senior credit facility matures on April 13, 2011 and bears interest at an annual rate of LIBOR plus 100 basis points on the outstanding balance. Borrowings under our senior credit facility are used to fund investments in portfolio companies and for general corporate purposes. Amounts repaid under our senior credit facility will remain available for future borrowings.

We anticipate that substantially all of the net proceeds of an offering of securities pursuant to this prospectus will be used for the above purposes within two years, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions. Our portfolio currently consists primarily of senior loans, mezzanine and other subordinated debt and equity securities. Pending new investments, we plan to invest a portion of the net proceeds from an offering in cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less from the date of investment, to reduce then-outstanding obligations under our credit facility, or for other general corporate purposes. The management fee payable by us will not be reduced while our assets are invested in such securities. See Regulation Temporary Investments in the accompanying base prospectus for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

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PRICE RANGE OF COMMON STOCK

Our common stock is quoted on The Nasdaq Global Select Market under the symbol AINV . The following table lists the high and low closing prices for our common stock, the closing price as a percentage of net asset value, or NAV, and quarterly dividends per share since our initial public offering in April 2004. On December 9, 2009, the last reported closing price of our common stock was $9.82 per share.

	NAV(1)	Closing Price High	Closing Price Low	High Closing Price as a Percentage of NAV(2)	Low Closing Price as a Percentage of NAV(2)	Declared Dividends
Fiscal Year Ending March 31, 2010						
First Fiscal Quarter	$ 10.15	$ 7.02	$ 3.97	69%	39%	$ 0.260
Second Fiscal Quarter	$ 10.29	$ 10.31	$ 5.18	100%	50%	$ 0.280
Third Fiscal Quarter (through December 9, 2009)	*	$ 10.12	$ 8.81	*	*	$ 0.280
Fiscal Year Ended March 31, 2009						
First Fiscal Quarter	$ 15.93	$ 18.59	$ 14.33	117%	90%	$ 0.520
Second Fiscal Quarter	$ 13.73	$ 17.99	$ 13.11	131%	95%	$ 0.520
Third Fiscal Quarter	$ 9.87	$ 15.85	$ 6.08	161%	62%	$ 0.520
Fourth Fiscal Quarter	$ 9.82	$ 9.76	$ 2.05	99%	21%	$ 0.260
Fiscal Year Ended March 31, 2008						
First Fiscal Quarter	$ 19.09	$ 24.13	$ 21.37	126%	112%	$ 0.510
Second Fiscal Quarter	$ 18.44	$ 22.90	$ 19.50	124%	106%	$ 0.520
Third Fiscal Quarter	$ 17.71	$ 21.81	$ 16.32	123%	92%	$ 0.520
Fourth Fiscal Quarter	$ 15.83	$ 16.70	$ 14.21	105%	90%	$ 0.520
Fiscal Year Ended March 31, 2007						
First Fiscal Quarter	$ 15.59	$ 19.39	$ 17.74	124%	114%	$ 0.450
Second Fiscal Quarter	$ 16.14	$ 20.81	$ 17.96	129%	111%	$ 0.470
Third Fiscal Quarter	$ 16.36	$ 23.27	$ 20.56	142%	126%	$ 0.500
Fourth Fiscal Quarter	$ 17.87	$ 24.12	$ 20.30	135%	114%	$ 0.510
Fiscal Year Ended March 31, 2006						
First Fiscal Quarter	$ 14.19	$ 18.75	$ 15.66	132%	110%	$ 0.310
Second Fiscal Quarter	$ 14.29	$ 20.40	$ 17.63	143%	123%	$ 0.430
Third Fiscal Quarter	$ 14.41	$ 19.97	$ 17.92	139%	124%	$ 0.440
Fourth Fiscal Quarter	$ 15.15	$ 19.51	$ 17.81	129%	118%	$ 0.450
Fiscal Year Ended March 31, 2005						
First Fiscal Quarter (period from April 8, 2004(3) to June 30, 2004)	$ 14.05	$ 15.25	$ 12.83	109%	91%	
Second Fiscal Quarter	$ 14.10	$ 14.57	$ 13.06	103%	93%	$ 0.045
Third Fiscal Quarter	$ 14.32	$ 15.13	$ 13.43	106%	94%	$ 0.180
Fourth Fiscal Quarter	$ 14.27	$ 17.62	$ 14.93	123%	105%	$ 0.260

(1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.
(2) Calculated by dividing the respective high or low closing sales price by the quarter end NAV.
(3) Commencement of operations.
* Net asset value has not yet been calculated for this period.

Our common stock recently has traded at prices both above and below our most recently calculated net asset value. There can be no assurance, however, that our shares will trade above, below or at our net asset value.

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We intend to pay quarterly dividends to our common stockholders. The amount of our quarterly dividend is determined by our board of directors. There can be no assurance that we will achieve investment results or maintain a tax status that will permit any particular level of dividend payment. Our senior credit facility limits our ability to declare dividends if we default under certain provisions. For a description of the senior credit facility, see Interim Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in this prospectus supplement.

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SELECTED FINANCIAL DATA

The Statement of Operations, Per Share and Balance Sheet data for the fiscal years ended March 31, 2009, 2008, 2007 and 2006 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 at and for the six months ended September 30, 2009, are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2010.

This data should be read in conjunction with our Interim Management s Discussion and Analysis of Financial Condition and Results of Operations set forth in this prospectus supplement and our financial statements and notes thereto, as well as Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included in the accompanying base prospectus.

All amounts in thousands, except per share data.

	For the six months ended September 30,	For the Year Ended March 31,			
Statement of Operations Data:	**2009 (unaudited)**	**2009**	**2008**	**2007**	**2006**
Total Investment Income	$ 166,964	$ 377,304	$ 357,878	$ 266,101	$ 152,827
Net Expenses (including taxes)	$ 66,244	$ 170,973	$ 156,272	$ 140,783	$ 63,684
Net Investment Income	$ 100,720	$ 206,331	$ 201,606	$ 125,318	$ 89,143
Net Realized and Unrealized Gains (Losses)	$ 92,911	$ (818,210)	$ (235,044)	$ 186,848	$ 31,244
Net Increase (Decrease) in Net Assets Resulting from Operations	$ 193,631	$ (611,879)	$ (33,438)	$ 312,166	$ 120,387
Per Share Data:					
Net Asset Value	$ 10.29	$ 9.82	$ 15.83	$ 17.87	$ 15.15
Net Increase (Decrease) in Net Assets Resulting from Operations	$ 1.31	$ (4.39)	$ (0.30)	$ 3.64	$ 1.90
Distributions Declared	$ 0.54	$ 1.82	$ 2.07	$ 1.93	$ 1.63
Balance Sheet Data:					
Total Assets	$ 2,706,358	$ 2,548,639	$ 3,724,324	$ 3,523,218	$ 2,511,074
Borrowings Outstanding	$ 902,312	$ 1,057,601	$ 1,639,122	$ 492,312	$ 323,852
Total Net Assets	$ 1,684,180	$ 1,396,138	$ 1,897,908	$ 1,849,748	$ 1,229,855
Other Data:					
Total Return(1)	195.2%	(73.9)%	(17.5)%	31.7%	12.9%
Number of Portfolio Companies at Period End	71	72	71	57	46
Total Portfolio Investments for the Period	$ 99,796	$ 434,995	$ 1,755,913	$ 1,446,730	$ 1,110,371
Investment Sales and Prepayments for the Period	$ 100,577	$ 339,724	$ 714,225	$ 845,485	$ 452,325
Weighted Average Yield on Debt Portfolio at Period End	11.5%	11.7%	12.0%	13.1%	13.1%

(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 Apollo Investment s dividend reinvestment plan. Total return is not annualized.

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CAPITALIZATION

The following table sets forth our cash and capitalization as of September 30, 2009 (1) on an actual basis and (2) as adjusted to reflect the effects of the sale of 10,000,000 shares of our common stock in this offering at an offering price of $9.82 per share. You should read this table together with Use of Proceeds and Interim Management s Discussion and Analysis of Financial Condition and Results of Operations set forth in this prospectus supplement and our financial statements and notes thereto, as well as Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included in the accompanying base prospectus.

All amounts in thousands, except share data

	As of September 30, 2009	
	Actual	As Adjusted for December 2009 Offering(1)
Cash and cash equivalents	$ 3,913	$ 97,394
Total assets	$ 2,706,358	$ 2,799,839
Borrowings under senior credit facility	$ 902,312	$ 902,312
Common stock, par value $0.001 per share; 400,000,000 shares authorized, 163,705,894 shares issued and outstanding, 173,705,894 shares issued and outstanding, as adjusted, respectively	$ 164	$ 174
Capital in excess of par value	$ 2,529,409	$ 2,622,880
Distributable earnings(2)	$ (845,393)	$ (845,393)
Total stockholders equity	$ 1,684,180	$ 1,777,661
Total capitalization	$ 2,586,492	$ 2,679,973

(1) Does not include the underwriters over-allotment option.

(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.

(3) As described under Use of Proceeds, we intend to use a part of the net proceeds from this offering initially to repay a portion of the borrowings outstanding under our senior credit facility. We have not yet determined how much of the net proceeds of this offering will be used for this purpose and, as a result, we have not reflected the consequences of such repayment in this table.

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FORWARD-LOOKING STATEMENTS

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

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the impact of investments that we expect to make or have made;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

We generally use words such as anticipates, believes, expects, intends and similar expressions to identify forward-looking statements. Our actu 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.

We have based the forward-looking statements included in this prospectus on information available to us on the date of this 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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INTERIM MANAGEMENT S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion should be read in conjunction with our financial statements and related notes and other financial information appearing elsewhere in this prospectus supplement and accompanying base prospectus. In addition to historical information, the following discussion and other parts of this prospectus supplement contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to the factors discussed under Risk Factors and Forward-Looking Statements appearing elsewhere in this prospectus supplement.

We were 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, as amended. 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. We commenced operations on April 8, 2004 upon completion of our initial public offering that raised $870 million in net proceeds selling 62 million shares of our common stock at a price of $15.00 per share. Since then, and through September 30, 2009, we have raised approximately $1.6 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 BDC, 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). Qualifying assets include investments in eligible portfolio companies. Pursuant to rules adopted in 2006, the SEC expanded the definition of eligible portfolio company to include certain public companies that do not have any securities listed on a national securities exchange. The SEC also adopted an additional rule under the 1940 Act to expand the definition of eligible portfolio company to include companies whose securities are listed on a national securities exchange but whose market capitalization is less than $250 million. This rule became effective on July 21, 2008.

Revenue

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

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Expenses

All investment professionals of the investment adviser and their staff, when and to the extent engaged in providing investment advisory and management services to us, and the compensation and routine overhead expenses of that personnel which is allocable to those services are provided and paid for by AIM. We bear all other costs and expenses of our operations and transactions, including those relating to:

- investment advisory and management fees;
- expenses incurred by AIM payable to third parties, including agents, consultants or other advisors, in monitoring our financial and legal affairs and in monitoring our investments and performing due diligence on our prospective portfolio companies;
- calculation of our net asset value (including the cost and expenses of any independent valuation firm);
- direct costs and expenses of administration, including independent registered public accounting and legal costs;
- costs of preparing and filing reports or other documents with the SEC;
- interest payable on debt, if any, incurred to finance our investments;
- offerings of our common stock and other securities;
- registration and listing fees;
- fees payable to third parties, including agents, consultants or other advisors, relating to, or associated with, evaluating and making investments;
- transfer agent and custodial fees;
- taxes;
- independent directors fees and expenses;
- marketing and distribution-related expenses;
- the costs of any reports, proxy statements or other notices to stockholders, including printing and postage costs;

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

- organization and offering; and

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

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

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The SEC requires that Total annual expenses be calculated as a percentage of net assets in the chart on page S-1 rather than as a percentage of total assets. Total assets includes net assets as of September 30, 2009, anticipated net proceeds from this offering and assets that have been funded with borrowed monies (leverage). For reference, the below chart illustrates our Total annual expenses as a percentage of total assets:

Annual expenses (as percentage of total assets):	
Management fees	2.00%(1)
Incentive fees payable under investment advisory and management agreement	1.79%(2)
Other expenses	0.40%(3)
Interest and other credit facility related expenses on borrowed funds	0.68%(4)
Total annual expenses as a percentage of total assets	4.87%(1,2,3,4)

(1) The contractual management fee is calculated at an annual rate of 2.00% of our average gross total assets. Annual expenses are based on current fiscal year amounts. For more detailed information about our computation of average total assets, please see Notes 3 and 9 of our interim financial statements dated September 30, 2009 included in this prospectus supplement.

(2) Assumes that annual incentive fees earned by our investment adviser, AIM, remain consistent with the incentive fees earned by AIM for the six months ended September 30, 2009. AIM earns incentive fees consisting of two parts. The first part, which is payable quarterly in arrears, is based on our pre-incentive fee net investment income for the immediately preceding calendar quarter. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to the rate of 1.75% quarterly (7% annualized). Our net investment income used to calculate this part of the incentive fee is also included in the amount of our gross assets used to calculate the 2% base management fee (see footnote 1 above). Accordingly, we pay AIM an incentive fee as follows: (1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed 1.75%, which we commonly refer to as the performance threshold; (2) 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the performance threshold but does not exceed 2.1875% in any calendar quarter; and (3) 20% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter. These calculations are appropriately pro rated for any period of less than three months. The effect of the fee calculation described above is that if pre-incentive fee net investment income is equal to or exceeds 2.1875%, AIM will receive a fee of 20% of our pre-incentive fee net investment income for the quarter. You should be aware that a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates would make it easier for us to meet or exceed the incentive fee performance threshold and may result in a substantial increase of the amount of incentive fees payable to our investment adviser with respect to pre-incentive fee net investment income. Furthermore, since the performance threshold is based on a percentage of our net asset value, decreases in our net asset value make it easier to achieve the performance threshold. The second part of the incentive fee will equal 20% of our realized capital gains for the calendar year, if any, computed net of all realized capital losses and unrealized capital depreciation (and incorporating unrealized depreciation on a gross investment-by-investment basis) and is payable in arrears at the end of each calendar year. For a more detailed discussion of the calculation of this fee, see Management Investment Advisory and Management Agreement in this base prospectus.

(3) Other expenses are based on estimated amounts for the current fiscal year and include our overhead expenses, including payments under the administration agreement based on our allocable portion of overhead and other expenses incurred by AIA in performing its obligations under the administration agreement. See Management Administration Agreement in this base prospectus.

(4) Our interest and other credit facility expenses are based on current fiscal year estimates. As of September 30, 2009, we had $0.80 billion available and $0.90 billion in borrowings outstanding under our credit facility. For more information, see Risk Factors Risks relating to our business and structure We fund a portion of our investments with borrowed money, which magnifies the potential for gain or loss on

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amounts invested and may increase the risk of investing in us and Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in the accompanying base prospectus.

Portfolio and Investment Activity

During the three months ended September 30, 2009, we invested $38.8 million across 6 existing portfolio companies. This compares to investing $225.8 million in 5 new and 6 existing portfolio companies for the three months ended September 30, 2008. Investments sold or prepaid during the three months ended September 30, 2009 totaled $30.2 million versus $21.3 million for the three months ended September 30, 2008.

At September 30, 2009, our portfolio consisted of 71 portfolio companies and was invested 26% in senior secured loans, 57% in subordinated debt, 4% in preferred equity and 13% in common equity and warrants measured at fair value versus 78 portfolio companies invested 23% in senior secured loans, 57% in subordinated debt, 4% in preferred equity and 16% in common equity and warrants at September 30, 2008.

The weighted average yields on our senior secured loan portfolio, subordinated debt portfolio and total debt portfolio at our current cost basis were 7.9%, 13.2% and 11.5%, respectively, at September 30, 2009. At September 30, 2008, the yields were 10.2%, 13.4%, and 12.5%, respectively.

Since the initial public offering of Apollo Investment Corporation in April 2004 and through September 30, 2009, invested capital totals $5.7 billion in 124 portfolio companies. Over the same period, we also completed transactions with more than 85 different financial sponsors.

At September 30, 2009, 66% or $1.5 billion of our income-bearing investment portfolio is fixed rate debt and 34% or $0.8 billion is floating rate debt, measured at fair value. At September 30, 2008, 66% or $1.8 billion of our income-bearing investment portfolio was fixed rate debt and 34% or $ 0.9 billion was floating rate debt.

CRITICAL ACCOUNTING POLICIES

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

Valuation of Portfolio Investments

Under procedures established by our Board of Directors, we value investments, including certain subordinated debt, senior secured 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. Investments maturing in 60 days or less are valued at cost plus accreted discount, or minus amortized premium, which approximates fair value. Debt and equity securities that are not publicly traded or whose market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of our Board of Directors. Such determination of fair values may involve subjective judgments and estimates.

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

(1) our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals of our investment adviser responsible for the portfolio investment;

(2) preliminary valuation conclusions are then documented and discussed with senior management of our investment adviser;

(3) independent valuation firms engaged by our board of directors conduct independent appraisals and review our investment adviser s preliminary valuations and make their own independent assessment;

(4) the audit committee of the board of directors reviews the preliminary valuation of our investment adviser and that of the independent valuation firm and responds to the valuation recommendation of the independent valuation firm to reflect any comments; and

(5) the board of directors discusses valuations and determines the fair value of each investment in our portfolio in good faith based on the input of our investment adviser, the respective independent valuation firm and the audit committee.

Investments are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company s ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market (as the reporting entity) and enterprise values, among other factors. For the fiscal quarter ended September 30, 2009, there has been no change to our valuation techniques and related inputs considered in the valuation process.

In September, 2006, the Financial Accounting Standards Board issued guidance related to Fair Value Measurements. This guidance defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. This statement was effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those years. We adopted this statement for our first fiscal quarter ended June 30, 2008.

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 us at the measurement date.

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

Level 3: Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment.

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On October 10, 2008, revised guidance which is now part of ASC 820 *Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active* was issued. This revised guidance provides examples of how to determine fair value in a market that is not active. It did not change the fair value measurement principles set forth in ASC 820. Furthermore, on April 9, 2009, the FASB issued additional revised guidance which provides information on estimating fair value when the volume and level of activity for the asset or liability have significantly decreased. It also includes guidance on identifying circumstances that indicate a transaction is not orderly. According to this guidance in the above circumstances, more analysis and significant adjustments to transaction or quoted prices may be necessary to estimate fair value. In addition, it requires disclosure of any changes in valuation techniques and related inputs resulting from the application. The total effect of the change in valuation techniques and related inputs must also be disclosed by major asset category. This revised guidance is effective for periods ending after June 15, 2009. The adoption did not have a material effect on our financial position or results of operations. See certain additional disclosures in Note 6.

Revenue Recognition

We record 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 represents contractual interest or dividends accrued and is added to the cost of the investment on the respective capitalization dates and generally becomes due at maturity. Loan origination fees, original issue discount, and market discounts are capitalized and we amortize such amounts into income. Upon the prepayment of a loan, any unamortized loan origination fees are recorded as interest income. We record prepayment premiums on loans and other investments as interest income when we receive such amounts. Structuring fees are recorded as other income when earned.

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

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

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

RESULTS OF OPERATIONS

Results comparisons are for the three and six months ended September 30, 2009 and September 30, 2008.

Investment Income

For the three and six months ended September 30, 2009, gross investment income totaled $84.4 million and $167.0 million, respectively. For the three and six months ended September 30, 2008, gross investment income totaled $103.5 million and $194.5 million, respectively. The decrease in gross investment income for the three and six months ended September 30, 2009, was primarily due to two factors: the reduction of the size of the income producing portfolio for the three and six month periods as well as the reduction in the yield of the overall income producing portfolio with LIBOR decreasing over 300 basis points. Origination, closing and/or commitment fees associated with investments in portfolio companies are accreted into interest income over the respective terms of the applicable loans.

Expenses

Net operating expenses totaled $33.0 million and $66.2 million, respectively, for the three and six months ended September 30, 2009, of which $26.1 million and $51.1 million, respectively, were base management fees and performance-based incentive fees and $4.4 million and $9.5 million, respectively, were interest and other credit facility expenses. Of these net operating expenses, general and administrative expenses totaled $2.5 million and $5.7 million, respectively, for the three and six months ended September 30, 2009. Net operating expenses totaled $47.1 million and $91.7 million, respectively, for the three and six months ended September 30, 2008, of which $30.5 million and $58.1 million, respectively, were base management fees and performance-based incentive fees and $14.4 million and $28.3 million, respectively, were interest and other credit facility expenses. Of these net operating expenses, general and administrative expenses totaled $2.2 million and $5.3 million, respectively, for the three and six months ended September 30, 2008. Net expenses consist of base investment advisory and management fees, insurance expenses, administrative services fees, legal fees, directors fees, audit and tax services expenses, and other general and administrative expenses. The decrease in net expenses for the three and six month periods ended September 30, 2009 versus the three and six month periods ended September 30, 2008 was primarily related to the decrease in the weighted average interest expense on our revolving credit facility. This decrease in weighted average interest expense is due primarily to LIBOR decreasing over 300 basis points.

Net Investment Income

Our net investment income totaled $51.4 million and $100.7 million, or $0.34, and $0.68 on a per average share basis, respectively, for the three and six months ended September 30, 2009. For the three and six months ended September 30, 2008, net investment income totaled $56.5 million and $102.8 million or $0.40 per share and $0.75 per share, respectively.

Net Realized Losses

We had investment sales and prepayments totaling $30.2 million and $100.6 million, respectively, for the three and six months ended September 30, 2009. For the three and six months ended September 30, 2008, investment sales and prepayments totaled $21.3 million and $110.4 million, respectively. Net realized losses for the three and six months ended September 30, 2009 were $3.1 million and $101.3 million, respectively. For the three and six months ended September 30, 2008, net realized losses totaled $30.0 million and $59.8 million, respectively.

Net Unrealized Appreciation (Depreciation) on Investments, Cash Equivalents and Foreign Currencies

For the three and six months ended September 30, 2009, our investments, cash equivalents, foreign currencies and other assets and liabilities had net appreciation of $60.9 million and $194.2 million, respectively. For the three and six months ended September 30, 2008, our investments, cash equivalents, foreign currencies and other assets and liabilities had net depreciation of $264.5 million and $209.1 million, respectively. This net unrealized appreciation was primarily due to improving capital market conditions and net changes in specific portfolio company fundamentals. At September 30, 2009, our net unrealized depreciation totaled $737.3 million versus net unrealized depreciation of $406.2 million at September 30, 2008.

Net Increase in Net Assets From Operations

For the three and six months ended September 30, 2009, we had a net increase in net assets resulting from operations of $109.2 million and $193.6 million, respectively. For the three and six months ended September 30, 2008, we had a net decrease in net assets resulting from operations of $238.0 million and $166.1 million, respectively. The earnings per share were $0.71 and $1.31 for the three and six months ended September 30, 2009, respectively. For the three and six months ended September 30, 2008, the loss per share was $1.67 and $1.21, respectively.

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LIQUIDITY AND CAPITAL RESOURCES

Our liquidity and capital resources are generated and generally available through periodic follow-on equity offerings, through its senior secured, multi-currency $1.7 billion, five-year, revolving credit facility maturing in April 2011, through investments in special purpose entities in which we hold and finance particular investments on a non-recourse basis, as well as from cash flows from operations, investment sales of liquid assets and prepayments of senior and subordinated loans and income earned from investments and cash equivalents. At September 30, 2009, we had $902 million in borrowings outstanding and $798 million of unused capacity. In the future, we may raise additional equity or debt capital off its shelf registration, among other considerations. The primary use of funds will be investments in portfolio companies, cash distributions to our stockholders, reductions in debt outstanding and other general corporate purposes. On August 18, 2009, we closed on our most recent follow-on public equity offering of 20.7 million shares of common stock at $8.75 per share raising approximately $173.0 million in net proceeds.

	Payments due by Period (dollars in millions)				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Senior Secured Revolving Credit Facility(1)	$ 902	$	$ 902	$	$

(1) At September 30, 2009, $798 million remained unused under our senior secured revolving credit facility. Pricing of our credit facility is 100 basis points over LIBOR.

Information about our senior securities is shown in the following table as of each year ended March 31 since we commenced operations, unless otherwise noted. The indicates information which the SEC expressly does not require to be disclosed for certain types of senior securities.

Class and Year	Total Amount Outstanding (dollars in thousands)(1)	Asset Coverage Per Unit(2)	Involuntary Liquidating Preference Per Unit(3)	Average Market Value Per Unit(4)
Revolving Credit Facility				
Fiscal 2010 (through September 30, 2009)	$ 902,312	$ 2,867	$	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	0	0		N/A

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

(2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by $1,000 to determine the Asset Coverage Per Unit.

(3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it.

(4) Not applicable, as senior securities are not registered for public trading.

Contractual Obligations

We have entered into two contracts under which we have future commitments: the investment advisory and management agreement, pursuant to which AIM has agreed to serve as our investment adviser, and the administration agreement, pursuant to which the Administrator has agreed to furnish us with the facilities and administrative services necessary to conduct our day-to-day operations and provide on our behalf managerial assistance to those portfolio companies to which we are required to provide such assistance. Payments under the investment advisory and management agreement are equal to (1) a percentage of the value of our average gross

assets and (2) a two-part incentive fee. Payments under the administration agreement are equal to an amount based upon our allocable portion of the Administrator s overhead in performing its obligations under the administration agreement, including rent, technology systems, insurance and our allocable portion of the costs of our chief financial officer and chief compliance officer and their respective staffs. Either party may terminate each of the investment advisory and management agreement and administration agreement without penalty upon not more than 60 days written notice to the other. Please see Note 3 within our financial statements for more information.

Off-Balance Sheet Arrangements

We have the ability to issue standby letters of credit through our revolving credit facility. As of September 30, 2009 and September 30, 2008, we had issued through JPMorgan Chase Bank, N.A. standby letters of credit totaling $3.508 million and $3.768 million, respectively.

AIC Credit Opportunities Fund LLC

We own all of the common member interests in AIC Credit Opportunity Fund LLC (AIC Holdco), which was formed for the purpose of holding various financed investments. Effective in June 2008, we invested $39.50 million in a special purpose entity wholly owned by AIC Holdco, AIC (FDC) Holdings LLC (Apollo FDC), which was used to purchase a Junior Profit-Participating Note due 2013 in principal amount of $39.50 million (the Junior Note) from Apollo I Trust (the Trust). The Trust also issued a Senior Floating Rate Note due 2013 (the Senior Note) to an unaffiliated third party (FDC Counterparty) in principal amount of $39.50 million paying interest at Libor plus 1.50%, increasing over time to LIBOR plus 2.0%. The Trust used the aggregate $79.00 million proceeds to acquire $100 million face value of a senior subordinated loan of First Data Corporation (the FDC Reference Obligation) due 2016 and paying interest at 11.25% per year. The Junior Note generally entitles Apollo FDC to the net interest and other proceeds due under the FDC Reference Obligation after payment of interest due under the Senior Notes, as described above. In addition, Apollo FDC is entitled to 100% of any realized appreciation in the FDC Reference Obligation and, since the Senior Note is a non-recourse obligation, Apollo FDC is exposed up to the amount of equity used by AIC Holdco to fund the purchase of the Junior Note plus any additional margin Apollo decides to post, if any, during the term of the financing.

Through AIC Holdco, effective in June 2008, we invested $11.37 million in a special purpose entity wholly owned by AIC Holdco, AIC (TXU) Holdings LLC (Apollo TXU), which acquired exposure to $50 million notional amount of a LIBOR plus 3.5% senior secured delayed draw term loan of Texas Competitive Electric Holdings (TXU) due 2014 through a non-recourse total return swap with an unaffiliated third party expiring on October 10, 2013 and pursuant to which Apollo TXU pays interest at LIBOR plus 1.5% and generally receives all proceeds due under the delayed draw term loan of TXU (the TXU Reference Obligation). Like Apollo FDC, Apollo TXU is entitled to 100% of any realized appreciation in the TXU Reference Obligation and, since the total return swap is a non-recourse obligation, Apollo TXU is exposed up to the amount of equity used by AIC Holdco to fund the investment in the total return swap, plus any additional margin we decide to post, if any, during the term of the financing.

Through AIC Holdco, effective in September 2008, we invested $10.02 million equivalent, in a special purpose entity wholly owned by AIC Holdco, AIC (Boots) Holdings, LLC (Apollo Boots), which acquired 23.38 million and £12.46 million principal amount of senior term loans of AB Acquisitions Topco 2 Limited, a holding company for the Alliance Boots group of companies (the Boots Reference Obligations), out of the proceeds of our investment and a multicurrency $40.87 million equivalent non-recourse loan to Apollo Boots (the Acquisition Loan) by an unaffiliated third party that matures in September 2013 and pays interest at LIBOR plus 1.25% or, in certain cases, the higher of the Federal Funds Rate plus 0.50% or the lender s prime-rate. The Boots Reference Obligations pay interest at the rate of LIBOR plus 3% per year and mature in June 2015.

Pursuant to applicable investment company accounting, we do not consolidate AIC Holdco or its wholly owned subsidiaries and accordingly only the value of our investment in AIC Holdco is included on our balance

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sheet. The Senior Note, total return swap and Acquisition Loan are non-recourse to AIC Holdco, its subsidiaries and us and have standard events of default including failure to pay contractual amounts when due and failure by each of the underlying Apollo special purpose entities to provide additional credit support, sell assets or prepay a portion of its obligations if the value of the FDC Reference Obligation, the TXU Reference Obligation or the Boots Reference Obligation, as applicable, declines below specified levels. We may unwind any of these transactions at any time without penalty. From time to time we may provide additional capital to AIC Holdco for purposes of funding margin calls under one or more of the transactions described above. During the fiscal year ended March 31, 2009, we provided $18.48 million in additional capital to AIC Holdco. During the six months ended September 30, 2009, $7.812 million of net capital was returned to us from AIC Holdco.

Dividends

Dividends to stockholders for the three and six months ended September 30, 2009 totaled $45.8 million or $0.28 per share, and $82.8 million or $0.54 per share, respectively. For the three and six months ended September 30, 2008 dividends totaled $ 74.0 million or $0.52 per share, and $147.9 million or $1.04 per share, respectively. Tax characteristics of all dividends will be reported to shareholders on Form 1099 after the end of the calendar year. Our quarterly dividends, if any, will be determined by our Board of Directors.

We have elected to be taxed as a RIC under Subchapter M of the Internal Revenue Code of 1986. To maintain our RIC status, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In addition, although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment.

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

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a BDC, we may in the future be limited in our ability to make distributions. Also, our revolving credit facility may limit our ability to declare dividends if we default under certain provisions. If we do not distribute a certain percentage of our income annually, we will 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 have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a regulated investment company.

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

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QUANTITATIVE AND QUALITATIVE DISCLOSURES

ABOUT MARKET RISK

We are subject to financial market risks, including changes in interest rates. During the six months ended September 30, 2009, 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. As the percentage of our U.S. mezzanine and other subordinated loans increase as a percentage of our total investments, we expect that more of the loans in our portfolio will have fixed rates. At September 30, 2009, our floating-rate assets and floating-rate liabilities were closely matched. As such, a change in interest rates would not have a material effect on our net investment income. However, we may hedge against interest rate fluctuations from time-to-time by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of lower interest rates with respect to our portfolio of investments. During the six months ended September 30, 2009, we did not engage in interest rate hedging activities.

The following table is designed to illustrate the effect on return to a holder of our common stock of the leverage created by our use of borrowing and potential issuance of preferred stock, at the weighted average annual interest rate of 1.51% for the six months ended September 30, 2009, and assuming the same average dividend rate on any preferred stock that we might issue and hypothetical annual returns on our portfolio of minus 10 to plus 10 percent. As can be seen, leverage generally increases the return to stockholders when the portfolio return is positive and decreases the return when the portfolio return is negative. Actual returns may be greater or less than those appearing in the table.

Assumed return on portfolio (net of expenses)[(1)]	**-10.0%**	**-5.0%**	**0%**	**5.0%**	**10.0%**
Corresponding Return to Common Stockholders[(2)]	-16.51%	-8.63%	-0.76%	7.12%	15.00%

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

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

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SALES OF COMMON STOCK BELOW NET ASSET VALUE

At our annual meeting of stockholders held on August 5, 2009, our stockholders approved our ability to sell shares of our common stock below net asset value (NAV) per share in one or more public or private offerings of our common stock. We now have the ability to sell up to 25% of our then outstanding shares of common stock, measured separately for each issuance against the then outstanding number of shares, at any level of discount from NAV per share during the period beginning on August 5, 2009 and expiring on the earlier of the anniversary of the date of the August 5, 2009 annual meeting and the date of our 2010 annual meeting of stockholders, which is expected to be held in August 2010.

In making a determination that an offering below NAV per share is in our and our stockholders best interests, our board of directors considered a variety of factors including:

- The effect that an offering below NAV per share would have on our stockholders, including the potential dilution they would experience as a result of the offering;
- The amount per share by which the offering price per share and the net proceeds per share are less than the most recently determined NAV per share;
- The relationship of recent market prices of our common stock to NAV per share and the potential impact of the offering on the market price per share of our common stock;
- Whether the estimated offering price would closely approximate the market value of our shares;
- The potential market impact of being able to raise capital during the current financial market difficulties;
- The nature of any new investors anticipated to acquire shares in the offering;
- The anticipated rate of return on and quality, type and availability of investments; and
- The leverage available to us.

We will not sell shares under a prospectus supplement to the registration statement or current post-effective amendment thereto of which this prospectus forms a part (the current registration statement) if the cumulative dilution to our NAV per share from offerings under the current registration statement exceeds 15%. This limit would be measured separately for each offering pursuant to the current registration statement by calculating the percentage dilution or accretion to aggregate NAV from that offering and then summing the percentage from each offering. For example, if our most recently determined NAV per share at the time of the first offering is $10.00 and we have 140 million shares outstanding, sale of 35 million shares at net proceeds to us of $5.00 per share (a 50% discount) would produce dilution of 10.0%. If we subsequently determined that our NAV per share increased to $11.00 on the then 175 million shares outstanding and then made an additional offering, we could, for example, sell approximately an additional 43.75 million shares at net proceeds to us of $8.25 per share, which would produce dilution of 5.0%, before we would reach the aggregate 15% limit. If we file a new post-effective amendment, the threshold would reset.

Sales by us of our common stock at a discount from NAV pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering.

The following three headings and accompanying tables will explain and provide hypothetical examples on the impact of an offering at a price less than NAV per share on three different set of investors:

existing shareholders who do not purchase any shares in the offering

existing shareholders who purchase a relatively small amount of shares in the offering or a relatively large amount of shares in the offering

new investors who become shareholders by purchasing shares in the offering.

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Impact on Existing Stockholders who do not Participate in the Offering

Our existing stockholders who do not participate in an offering below NAV per share or who do not buy additional shares in the secondary market at the same or lower price we obtain in the offering (after expenses and commissions) face the greatest potential risks. These stockholders will experience an immediate decrease (often called dilution) in the NAV of the shares they hold and their NAV per share. These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we will experience in our assets, potential earning power and voting interests due to the offering. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discounts increase.

The following chart illustrates the level of NAV dilution that would be experienced by a stockholder who does not participate in the offering. It is not possible to predict the level of market price decline that may occur. The table below is shown based upon financial information as of September 30, 2009. NAV has not been finally determined for any day after September 30, 2009. The following example assumes a sale of 10,000,000 shares at a sales price to the public of $9.82 with a 4.50% underwriting discount and commissions and $300,000 of expenses ($9.35 per share net).

	Prior to Sale Below NAV	Following Sale	% Change
Offering Price			
Price per Share to Public		$ 9.82	
Net Proceeds per Share to Issuer		$ 9.35	
Decrease to NAV			
Total Shares Outstanding	163,705,894	173,705,894	6.11%
NAV per Share	$ 10.29	$ 10.23	(0.58)%
Dilution to Stockholder			
Shares Held by Stockholder	163,706	163,706	
Percentage Held by Stockholder	0.10%	0.09%	(5.76)%
Total Asset Values			
Total NAV Held by Stockholder	$ 1,684,534	$ 1,674,711	(0.58)%
Total Investment by Stockholder (Assumed to be $10.29 per Share)	$ 1,684,534	$ 1,684,534	
Total Dilution to Stockholder (Total NAV Less Total Investment)		$ (9,822)	
Per Share Amounts			
NAV Per Share Held by Stockholder		$ 10.23	
Investment per Share Held by Stockholder (Assumed to be $10.29 per Share on Shares Held prior to Sale)	$ 10.29	$ 10.29	
Dilution per Share Held by Stockholder (NAV per Share Less Investment per Share)		$ (0.06)	
Percentage Dilution to Stockholder (Dilution per Share Divided by Investment per Share)			(0.58)%

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Impact on Existing Stockholders who do Participate in the Offering

Our existing stockholders who participate in an offering below NAV per share or who buy additional shares in the secondary market at the same or lower price as we obtain in the offering (after expenses and commissions) will experience the same types of NAV dilution as the nonparticipating stockholders, albeit at a lower level, to the extent they purchase less than the same percentage of the discounted offering as their interest in our shares immediately prior to the offering. The level of NAV dilution will decrease as the number of shares such stockholders purchase increases. Existing stockholders who buy more than such percentage will experience NAV dilution but will, in contrast to existing stockholders who purchase less than their proportionate share of the offering, experience an increase (often called accretion) in NAV per share over their investment per share and will also experience a disproportionately greater increase in their participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to the offering. The level of accretion will increase as the excess number of shares such stockholder purchases increases. Even a stockholder who over-participates will, however, be subject to the risk that we may make additional discounted offerings in which such stockholder does not participate, in which case such a stockholder will experience NAV dilution as described above in such subsequent offerings. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discount to NAV increases.

The following chart illustrates the level of dilution and accretion in the offering for a stockholder that acquires shares equal to (1) 50% of its proportionate share of the offering (i.e., 5,000 shares, which is 0.05% of the offering rather than its 0.10% proportionate share) and (2) 150% of such percentage (i.e., 15,000 shares, which is 0.15% of the offering rather than its 0.10% proportionate share). The table below is shown based upon financial information as of September 30, 2009. NAV has not been finally determined for any day after September 30, 2009. The following example assumes a sale of 10,000,000 shares at a sales price to the public of $9.82 with a 4.50% underwriting discount and commissions and $300,000 of expenses ($9.35 per share net).

		50% Participation		150% Participation	
	Prior to Sale Below NAV	**Following Sale**	**% Change**	**Following Sale**	**% Change**
Offering Price					
Price per Share to Public		$ 9.82		$ 9.82	
Net Proceeds per Share to Issuer		$ 9.35		$ 9.35	
Increases in Shares and Decrease to NAV					
Total Shares Outstanding	163,705,894	173,705,894	6.11%	173,705,894	6.11%
NAV per Share	$ 10.29	$ 10.23	(0.58)%	$ 10.23	(0.58)%
Dilution/Accretion to Stockholder					
Shares Held by Stockholder	163,706	168,706	3.05%	178,706	9.16%
Percentage Held by Stockholder	0.10%	0.10%	(2.88)%	0.10%	2.88%
Total Asset Values					
Total NAV Held by Stockholder	$ 1,684,534	$ 1,725,861	2.45%	$ 1,828,161	8.53%
Total Investment by Stockholder (Assumed to be $10.29 per Share on Shares Held prior to Sale)	$ 1,684,534	$ 1,733,634		$ 1,831,834	
Total Dilution/Accretion to Stockholder (Total NAV Less Total Investment)		$ (7,722)		$ (3,672)	
Per Share Amounts					
NAV Per Share Held by Stockholder		$ 10.23		$ 10.23	
Investment per Share Held by Stockholder (Assumed to be $10.29 per Share on Shares Held prior to Sale)	$ 10.29	$ 10.28	(0.10)%	$ 10.25	(0.39)%
Dilution/Accretion per Share Held by Stockholder (NAV per Share Less Investment per Share)		$ (0.05)		$ (0.02)	
Percentage Dilution/Accretion to Stockholder (Dilution/Accretion per Share Divided by Investment per Share)			(0.49)%		(0.20)%

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Impact on New Investors

Investors who are not currently stockholders, but who participate in an offering below NAV and whose investment per share is greater than the resulting NAV per share (due to selling compensation and expenses paid by us) will experience an immediate decrease, albeit small, in the NAV of their shares and their NAV per share compared to the price they pay for their shares. Investors who are not currently stockholders and who participate in an offering below NAV per share and whose investment per share is also less than the resulting NAV per share due to selling compensation and expenses paid by the issuer being significantly less than the discount per share will experience an immediate increase in the NAV of their shares and their NAV per share compared to the price they pay for their shares. These investors will experience a disproportionately greater participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests. These investors will, however, be subject to the risk that we may make additional discounted offerings in which such new stockholder does not participate, in which case such new stockholder will experience dilution as described above in such subsequent offerings. These investors may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

The following chart illustrates the level of dilution or accretion for new investors that will be experienced by a new investor who purchases the same percentage (0.10%) of the shares in the offering as the stockholder in the prior examples held immediately prior to the offering. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discounts increases. It is not possible to predict the level of market price decline that may occur. The table below is shown based upon financial information as of September 30, 2009. NAV has not been finally determined for any day after September 30, 2009. The following example assumes a sale of 10,000,000 shares at a sales price to the public of $9.82 with a 4.50% underwriting discount and commissions and $300,000 of expenses ($9.35 per share net).

	Prior to Sale Below NAV	Following Sale	% Change
Offering Price			
Price per Share to Public		$ 9.82	
Net Proceeds per Share to Issuer		$ 9.35	
Decrease to NAV			
Total Shares Outstanding	163,705,894	173,705,894	6.11%
NAV per Share	$ 10.29	$ 10.23	(0.58)%
Dilution/Accretion to Stockholder			
Shares Held by Stockholder		10,000	
Percentage Held by Stockholder	0.00%	0.01%	
Total Asset Values			
Total NAV Held by Stockholder		$ 102,300	
Total Investment by Stockholder		$ 98,200	
Total Dilution/Accretion to Stockholder (Total NAV Less Total Investment)		$ 4,100	
Per Share Amounts			
NAV Per Share Held by Stockholder		$ 10.23	
Investment per Share Held by Stockholder		$ 9.82	
Dilution/Accretion per Share Held by Stockholder (NAV per Share Less Investment per Share)		$ 0.41	
Percentage Dilution/Accretion to Stockholder (Dilution/Accretion per Share Divided by Investment per Share)			4.18%

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UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., J.P. Morgan Securities Inc. and UBS Securities LLC are acting as joint bookrunning managers of the offering and as representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter s name.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,600,000
Citigroup Global Markets Inc.	1,600,000
J.P. Morgan Securities Inc.	1,400,000
UBS Securities LLC	1,400,000
BMO Capital Markets Corp.	800,000
Keefe, Bruyette & Woods, Inc.	400,000
RBC Capital Markets Corporation	800,000
SunTrust Robinson Humphrey, Inc.	800,000
Fortis Securities LLC	400,000
Natixis Bleichroeder LLC	400,000
Stifel, Nicolaus & Company, Incorporated	400,000
	10,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to certain conditions precedent, including the absence of any material adverse change in our business and the receipt of certain certificates, opinions and letters from us, our counsel and our independent registered public accounting firm. The underwriting agreement provides that the obligations of the underwriters are several and not joint. The underwriters are committed to purchase all shares included in this offering, other than those shares covered by the over-allotment option described below, if they purchase any of the shares.

The underwriters propose to offer some of the shares directly to the public at the public offering price set forth on the cover page of this prospectus and some of the shares to dealers at the public offering price less a concession not to exceed $0.2651 per share. If all of the shares are not sold at the initial offering price, the representatives may change the public offering price and the other selling terms. Investors must pay for any shares purchased in the offering on or before December 15, 2009.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 1,500,000 additional shares of common stock at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter will be obligated, subject to certain conditions, to purchase a number of additional shares approximately proportionate to that underwriter s initial purchase commitment.

We, our officers and directors, AIM, AIA and certain of the partners and officers of AIM (or any entities through which such partners and officers may invest in our shares) have agreed that, for a period of 60 days from the date of this prospectus, we and they will not, without the prior written consent of the representatives, dispose of or hedge any shares of our common stock or any securities convertible into or exchangeable for our common stock. Merrill Lynch, Pierce, Fenner & Smith Incorporated in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. Notwithstanding the foregoing, for the purpose of allowing the underwriters to comply with NASD Rule 2711(f)(4), if (1) during the last 17 days of the initial 60-day lock-up period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the initial 60-day lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the initial 60-day lock-up period, then in each case the initial 60-day lock-up period will be extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the occurrence of the material news or material event, as applicable.

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The common stock is quoted on the Nasdaq Global Select Market under the symbol AINV .

Sales Outside the United States

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the common stock, or the possession, circulation or distribution of this prospectus supplement, the accompanying prospectus or any other material relating to us or the common stock in any jurisdiction where action for that purpose is required. Accordingly, the common stock may not be offered or sold, directly or indirectly, and none of this prospectus supplement, the accompanying prospectus or any other offering material or advertisements in connection with the common stock may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the underwriters may arrange to sell common stock offered hereby in certain jurisdictions outside the United States, either directly or through affiliates, where they are permitted to do so.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares described in this prospectus supplement may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the shares that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that relevant member state at any time:

- to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

- to fewer than 100 natural or legal persons (other than qualified investors as defined below) subject to obtaining the prior consent of the representatives for any such offer; or

- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of shares described in this prospectus supplement located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this provision, the expression an offer to the public in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus supplement. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the sellers or the underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus supplement and the accompanying prospectus are only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a relevant person). This prospectus supplement and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

Neither this prospectus supplement nor any other offering material relating to the shares described in this prospectus supplement has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers.* The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus supplement nor any other offering material relating to the shares has been or will be:

released, issued, distributed or caused to be released, issued or distributed to the public in France; or

used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;

to investment services providers authorized to engage in portfolio management on behalf of third parties; or

in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l épargne*).

The shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Italy

The offering of the securities has not been registered pursuant to the Italian securities legislation and, accordingly, we have not offered or sold, and will not offer or sell, any securities in the Republic of Italy in a solicitation to the public, and that sales of the securities in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations. In any case, the securities cannot be offered or sold to any individuals in the Republic of Italy either in the primary market or the secondary market.

We will not offer, sell or deliver any securities or distribute copies of this prospectus or any other document relating to the securities in the Republic of Italy except:

to Professional Investors , as defined in Article 31.2 of CONSOB Regulation No. 11522 of 2 July 1998 as amended (Regulation No. 11522), pursuant to Article 30.2 and 100 of Legislative Decree No. 58 of 24 February 1998 as amended (Decree No. 58), or in any other circumstances where an expressed exemption to comply with the solicitation restrictions provided by Decree No. 58 or Regulation No. 11971 of 14 May 1999 as amended applies, provided, however, that any such offer, sale or delivery of the securities or distribution of copies of the prospectus or any other document relating to the securities in the Republic of Italy must be:

made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended (Decree No. 385), Decree No. 58, CONSOB Regulation No. 11522 and any other applicable laws and regulations;

in compliance with Article 129 of Decree No. 385 and the implementing instructions of the Bank of Italy, pursuant to which the issue, trading or placement of securities in Italy is subject to a prior notification to the Bank of Italy, unless and exemption, depending, inter alia, on the aggregate amount and the characteristics of the securities issued or offered in the Republic of Italy, applies; and

in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Switzerland

We have not and will not register with the Swiss Financial Market Supervisory Authority (FINMA) as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended (CISA), and accordingly the shares being offered pursuant to this prospectus have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the shares have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the shares offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The shares may solely be offered to qualified investors, as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended (CISO), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the shares are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the shares on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

Notice to Prospective Investors in the Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in

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it, and has no responsibility for it. The common stock which are the subject of the offering contemplated by this prospectus supplement may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the common stock offered should conduct their own due diligence on the common stock. If you do not understand the contents of this document you should consult an authorized financial adviser.

The following table shows the sales load (underwriting discounts and commissions) that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase additional shares of common stock.

	Paid by Apollo Investment	
	No exercise	**Full exercise**
Per share	$ 0.44	$ 0.44
Total	$ 4,419,000	$ 5,081,850

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of common stock in excess of the number of shares to be purchased by the underwriters in the offering, which creates a syndicate short position. Covered short sales are sales of shares made in an amount up to the number of shares represented by the underwriters over-allotment option. In determining the source of shares to close out the covered syndicate short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. Transactions to close out the covered syndicate short involve either purchases of the common stock in the open market after the distribution has been completed or the exercise of the over-allotment option. The underwriters may also make naked short sales of shares in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares of common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of shares in the open market while the offering is in progress.

The underwriters may also impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when an underwriter repurchases shares originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the common stock. They may also cause the price of the common stock to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the Nasdaq Global Select Market or in the over-the-counter market, or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

In addition, in connection with this offering, some of the underwriters may engage in passive market making transactions in the common stock on the Nasdaq Global Select Market, prior to the pricing and completion of the offering. Passive market making consists of displaying bids on the Nasdaq Global Select Market no higher than the bid prices of independent market makers and making purchases at prices no higher than those independent bids and effected in response to order flow. Net purchases by a passive market maker on each day are limited to a specified percentage of the passive market maker s average daily trading volume in the common stock during a specified period and must be discontinued when that limit is reached. Passive market making may cause the price of the common stock to be higher than the price that would otherwise would exist in the open market in the absence of those transactions. If the underwriters commence passive market making transactions, they may discontinue them at any time.

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We estimate that our portion of the total expenses of this offering will be $300,000. In addition, the underwriters have agreed to pay certain of our expenses associated with this offering.

As described under Use of Proceeds, we intend to use a part of the net proceeds from this offering to repay a portion of the borrowings outstanding under our senior credit facility. Affiliates of each of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., J.P. Morgan Securities Inc., UBS Securities LLC, BMO Capital Markets Corp., RBC Capital Markets Corporation, SunTrust Robinson Humphrey, Inc., Fortis Securities LLC and Natixis Bleichroeder LLC are lenders under such credit facility and therefore will receive a portion of the net proceeds from this offering through the repayment of those borrowings.

The underwriters have performed investment banking and advisory services for us, AIM, and our affiliates from time to time for which they have received customary fees and expenses. The underwriters may, from time to time, engage in transactions with and perform services for us, AIM, and our affiliates in the ordinary course of their business.

A prospectus supplement and base prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters. Other than the prospectus supplement and base prospectus in electronic format, the information on any such underwriter s website is not part of this prospectus supplement and base prospectus. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. The representatives will allocate shares to underwriters that may make Internet distributions on the same basis as other allocations. In addition, shares may be sold by the underwriters to securities dealers who resell shares to online brokerage account holders.

We, AIM and AIA have agreed to indemnify the underwriters against, or reimburse losses arising out of, certain liabilities, including liabilities under the Securities Act of 1933, as amended or to contribute to payments the underwriters may be required to make because of any of those liabilities.

The principal business address of Merrill Lynch, Pierce, Fenner & Smith Incorporated is One Bryant Park, New York, NY 10036. The principal business address of Citigroup Global Markets Inc. is 388 Greenwich Street, New York, New York, 10013. The principal business address of J.P. Morgan Securities Inc. is 383 Madison Avenue, Floor 4, New York, New York, 10179. The principal business address of UBS Securities LLC is 299 Park Avenue, New York, NY 10171.

LEGAL MATTERS

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

EXPERTS

The financial statements as of March 31, 2009 and March 31, 2008 and for each of the three years in the period ended March 31, 2009, have been included in the base prospectus in reliance upon the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in accounting and auditing.

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Interim Financial Statements

Apollo Investment Corporation

Statements of Assets and Liabilities

(in thousands, except per share amounts)

	September 30, 2009 (unaudited)	March 31, 2009
Assets		
Non-controlled/non-affiliated investments, at value (cost $3,022,735 and $3,082,364, respectively)	$ 2,512,435	$ 2,345,470
Controlled investments, at value (cost $339,819 and $342,115, respectively)	133,834	141,421
Cash	2,491	5,914
Foreign currency (cost $1,435 and $694, respectively)	1,422	693
Interest receivable	44,362	42,461
Dividends receivable (see note 2)	7,636	7,302
Receivable for investments sold	800	
Miscellaneous income receivable		51
Receivable from investment adviser		393
Prepaid expenses and other assets	3,378	4,934
Total assets	$ 2,706,358	$ 2,548,639
Liabilities		
Credit facility payable (see note 7 & 12)	$ 902,312	$ 1,057,601
Dividends payable	45,838	36,978
Payable for investments purchased	45,567	27,555
Management and performance-based incentive fees payable (see note 3)	26,062	25,314
Interest payable	357	711
Accrued administrative expenses	1,021	1,547
Other liabilities and accrued expenses	1,021	2,795
Total liabilities	$ 1,022,178	$ 1,152,501
Net Assets		
Common stock, par value $.001 per share, 400,000 and 400,000 common shares authorized, respectively, and 163,706 and 142,221 issued and outstanding, respectively	$ 164	$ 142
Paid-in capital in excess of par (see note 2f)	2,529,409	2,352,205
Undistributed net investment income (see note 2f)	114,079	96,174
Accumulated net realized loss (see note 2f)	(222,143)	(120,811)
Net unrealized depreciation	(737,329)	(931,572)
Total Net Assets	$ 1,684,180	$ 1,396,138
Total liabilities and net assets	$ 2,706,358	$ 2,548,639
Net Asset Value Per Share	$ 10.29	$ 9.82

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 September 30, 2009	Three months ended September 30, 2008	Six months ended September 30, 2009	Six months ended September 30, 2008
Investment Income				
From non-controlled/non-affiliated investments:				
Interest	$ 71,875	$ 90,225	$ 147,172	$ 175,200
Dividends	3,584	3,776	6,820	7,111
Other income	482	3,276	1,751	3,473
From controlled investments:				
Dividends	8,462	6,270	11,221	8,722
Other income				
Total Investment Income	84,403	103,547	166,964	194,506
Expenses				
Management fees (see note 3)	$ 13,214	$ 16,354	$ 25,936	$ 32,376
Performance-based incentive fees (see note 3)	12,848	14,123	25,180	25,701
Interest and other credit facility expenses	4,409	14,404	9,477	28,321
Administrative services expense	1,198	855	2,507	2,723
Other general and administrative expenses	1,344	1,366	3,144	2,713
Total expenses	33,013	47,102	66,244	91,834
Expense offset arrangement (see note 8)		(46)		(132)
Net expenses	33,013	47,056	66,244	91,702
Net investment income	$ 51,390	$ 56,491	$ 100,720	$ 102,804
Realized and Unrealized Gain (Loss) on Investments, Cash Equivalents and Foreign Currencies				
Net realized gain (loss):				
Investments and cash equivalents	$ (3,321)	$ (33,171)	$ (101,399)	$ (62,401)
Foreign currencies	224	3,195	67	2,607
Net realized loss	(3,097)	(29,976)	(101,332)	(59,794)
Net change in unrealized gain (loss):				
Investments and cash equivalents	69,386	(307,592)	221,221	(252,703)
Foreign currencies	(8,523)	43,125	(26,978)	43,581
Net change in unrealized gain (loss)	60,863	(264,467)	194,243	(209,122)
Net realized and unrealized gain (loss) from investments, cash equivalents and foreign currencies	57,766	(294,443)	92,911	(268,916)
Net Increase (Decrease) in Net Assets Resulting from Operations	$ 109,156	$ (237,952)	$ 193,631	$ (166,112)

Earnings (Loss) Per Share (See Note 5)	$	0.71	$	(1.67)	$	1.31	$	(1.21)

See notes to financial statements.

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Apollo Investment Corporation

Statements of Changes in Net Assets

(in thousands, except shares)

	Six months ended September 30, 2009 (unaudited)	Year ended March 31, 2009
Increase (Decrease) in net assets from operations		
Net investment income	$ 100,720	$ 206,331
Net realized loss	(101,332)	(83,740)
Net change in unrealized gain (loss)	194,243	(734,470)
Net increase (decrease) in net assets resulting from operations	193,631	(611,879)
Dividends and distributions to stockholders	(82,815)	(258,843)
Capital share transactions:		
Net proceeds from shares sold	172,974	369,589
Less offering costs	(385)	(637)
Reinvestment of dividends	4,637	
Net increase in net assets from capital share transactions	177,226	