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Additional information may be available upon request.
Apollo Global Management, LLC Overview

- Founded in 1990, Apollo is a contrarian, value-oriented investor with the ability to invest in all economic environments
- We have approximately $110 billion of assets under management(1)
- Integrated *private equity and credit* investment platform
- Approximately 250 investment professionals and 624 total employees located in New York, Los Angeles, Houston, London, Singapore, Frankfurt, Luxembourg, Hong Kong and Mumbai(2)
- Significant investment experience in energy and natural resources: Focus on partnering with leading management teams; able to invest throughout the capital structure; ability to access different funding sources to make investments in a wide range of sizes

Note: As of September 30, 2012.

(1) Please refer to the last slide of this presentation for the definition of AUM. Includes $2.5bn of committed capital yet to be deployed to a fund.
(2) Includes offices of Apollo Global Management, LLC and its subsidiaries.
Macroeconomic Outlook: Muted Expectations for Growth

- Developed economies continue to experience low growth rates, while growth in the emerging markets has softened.

Sources: Bloomberg and International Monetary Fund. As of November 9, 2012.
Bleak Outlook for Europe’s Economy

European Countries Are Expected to Struggle (1)

High Unemployment (2)

(1) Source: International Monetary Fund. As of July 16, 2012.
(2) Source: United States Department of Labor. As of September 2012.
Volatility Comes and Goes

VIX\(^{(1)}\)

Volatility of S&P 500

Citi U.S. Economic Surprise Index\(^{(2)}\)

Standard Deviation of Economic Surprises

European Sovereign Risk\(^{(2)}\)

Spanish and Italian 10 Yr. Govt. Bond Yields

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\((1)\) Source: Yahoo Finance. As of November 9, 2012.

\((2)\) Source: Bloomberg. As of November 9, 2012.
Significant Tail Risk Remains

- Bank deleveraging
- Unsustainable deficits
- Political dysfunction in Washington, D.C.
- Geopolitical tension
- Europe in crisis
…However, Markets are Close to All-Time Highs

NASDAQ, S&P 500 and Dow

Peak 10/9/07: 14,164.5
Peak 10/9/07: 1,565.2
Trough 3/9/09: NASDAQ: 1,268.6
S&P: 676.5
Dow: 6,547.1
Peak 9/14/12: 3,184.0
Peak 9/14/12: 2,904.9
Peak 11/9/12: 1,379.9
Trough 11/9/12: 6.68%
Trough 11/9/12: 5.89%

High Yield Bond and Leveraged Loan Yields

Peak 11/28/2008: 20.15%
Peak 12/31/2008: 20.27%
Trough 10/31/12: 6.68%
Trough 11/9/12: 5.89%

(1) Source: Yahoo Finance. As of November 9, 2012.
(2) Source: Bloomberg. As of November 9, 2012.
While Private Equity Valuations are Fully Priced

Private Equity Valuations Remain High Despite Underlying Uncertainty

LBO Purchase Price Multiples(1)
Transactions over $500 million

Average purchase price: 8.5x

(1) Source: Standard & Poor’s LCD’s Leveraged Buyout Review – 3Q 12.
(2) Source: Preqin. Most recent buyout deals announced or closed with publicly available transaction multiples as of November 1, 2012 as well as Apollo estimates for Samson, EP Energy’s closest comparable transaction.
High Priced LBOs Don’t Work in a Volatile Market

- In an uncertain economic environment, we do not believe that putting equity at the bottom of a capital structure makes much sense.

**Typical LBO Assumptions**

- **9x EBITDA entry multiple**
- **Transaction Enterprise Value of $1 billion**
- **Transaction financed with 70% leverage**
- **Cost of debt: 9%**
- **Entry Free Cash Flow multiple of 11x**
- **Constant margins**
  - EBITDA: 20%
  - CapEx: 5.5%
- **No multiple expansion**
- **5 year hold period**

**Returns based on 9.0x Exit Multiple**

- **11.4%**
- **3.8%**
- **(5.9%)**

**Returns based on 6.5x Exit Multiple**

- **(7.8%)**
- **(22.7%)**
- **(160.3%)**

Relying on economic growth and sustainably low interest rates presents too much risk in today’s market.

Note: This is not representative of any transaction in particular or any investment of Apollo’s private equity platform, and is solely intended to be illustrative of the type of general assumptions and return expectations that can be modeled using market terms and leveraged buyout financial analysis. Exit multiple calculated as exit enterprise value divided by exit year EBITDA.
Amidst Uncertain Economic Backdrop, Natural Resources Provides Compelling Risk-Adjusted Opportunities

China’s Growth Continues to Drive Resource Consumption

Growth in GDP per Capita is Resource Intensive and Drives Demand

Given Monetary Stimulus, Commodities Can Serve as Inflation Hedge

Rising Commodity Prices, with Increasing Volatility
Finding Value in Natural Resources

- Focus on opportunistic investments at attractive values
- Physical assets often trade at a discount to public companies
- Partnering with management teams to build assets with low creation costs

Apollo’s natural resources investing approach has created investments at discount to market averages

6.5x
5.6x
1.9x
4.9x
5.3x
5.0x
9.3x

On average, ANRP’s investments have been 4 turns below current LBO industry average purchase prices\(^{(1)}\)

1) Represents the capital weighted average of the relevant purchase metric at the time each transaction was completed for ANRP through 9-30-12. In most cases, the multiple represents LTM EBITDA, but other metrics may include cycle-average EBITDA or pro forma EBITDA as appropriate.

2) Source: Standard & Poor’s. Includes the average of U.S. LBOs from 2011 through 3Q12 greater than $500 mm of transaction value.
Apollo believes that the natural resources industry is one of the most volatile industries in the world.

Sources of volatility include:
- Commodity price fluctuations
- Regulatory changes
- Technological changes

Volatility creates risk, but also creates real option value
- Timing of investments and exits
- Ability to use hedging to lock in commodity price increases
- Slowing down / speeding up pace of capital deployment
- Constantly evaluating and high-grading drilling program
Putting it All Together: Actively Creating Value

<table>
<thead>
<tr>
<th>Process and Control</th>
<th>Customized Structuring</th>
<th>Embedded Optionality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on high quality assets or businesses at compelling values</td>
<td>Hedging mitigates downside risk, supports leverage; provides base level rate of return</td>
<td>Upside potential from rising commodity prices</td>
</tr>
<tr>
<td>Partner with proven management teams who can deploy capital efficiently and deliver returns</td>
<td>Proactive capital structure management</td>
<td>Management led efforts to high-grade drilling plan, seek operational enhancements, and harness new technologies to improve cost position</td>
</tr>
</tbody>
</table>

Illustrative Example: *Private Equity Investment Process in Commodities*

- **Buy Right**
  - Commodity Discount
  - Acquisition Price

- **Actively Create Value**
  - Asset Level Enhancements
  - Accretive Acquisitions
  - Capital Structure Management

- **Sell Right**
  - Exit Value

- **Embedded Real Option Value**
  - Commodity Upside
  - Tech. Upside
  - Total Value

- Process Driven

- Putting it All Together: Actively Creating Value

- Capital Structure Management

- Tech. Upside

- Total Value
Key Theme #1 (cont’d)
Capex Funding Gap

U.S. E&P Companies – Cash Flow from Operations/Capital Expenditures

- Mega
- Super
- Large
- Medium
- Small
- Micro (<$200)

Source: From the Parkman Whaling September 6th 20912 Presentation “The Funding Gap” (Capital IQ)
Key Theme #2
Potential for an Energy-Independent North America

- Net imports are becoming a smaller share of total North American energy consumption
- Potential for further WTI / Brent disconnect?
- Will the industry’s success do to oil prices what they did to gas prices?
- When should U.S. revisit its policy for crude oil exports?
- Changing supply sources will require significant capital for new logistics and midstream solutions

North American Liquids Supply vs. Consumption, Assuming Constant U.S. Production Growth from 2012

Source: Historical supply and demand and forecasted NGL supply and liquids demand as per IHS CERA. Forward-looking U.S., Canada and Mexico crude oil supply curves 2013 and onwards assume y-o-y production growth remains constant at the 2011 to 2012 level.
Key Theme #3
Can Natural Gas Prices Recover?

Record Low Gas Prices: $1.84/mmbtu in 2012

Oil: Gas Price Decoupling

Record Gas Storage Peaking at ~4 Tcf

Are Mild Winters the “New Normal”?

Source: National Climatic Data Center, EIA, Bloomberg. Data as of 11/19/12.
(1) Represents year-to-date January – October 2012.
LEADING INDUSTRY VETERANS ON THE STATE OF ENERGY INVESTING

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