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**From:** Richard Kahn <[REDACTED]>  
**Sent:** Thursday, September 27, 2018 1:26 PM  
**To:** Jeffrey Epstein  
**Subject:** Fwd: Apollo Global Management LLC: Management Meeting Takeaways

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Date: =/b>September 27, 2018 at 12:16:02 =M EDT  
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Apollo Global =anagement LLC: Management Meeting Takeaways

Michael J. Cyprys, CFA, CPA – Morgan Stanley

September 27, 2018 4:01 AM =MT

Our recent meeting with APO mgmt raises our confidence in =ash earnings ramp over next several years driven by Fund VIII portfolio =arvesting, new PE initiatives and significant growth potential in =redit that could see step function growth. Attractive valuation at =1.1x cash EPS; Overweight.

3 Key Takeaways (details =nside): 1) Next stage of growth to come from a range of PE and credit =nitiatives. In PE, Hybrid Value (a special situations fund), energy, =nd potentially a new longer-dated PE strategy to drive growth. In =redit, APO's permanent capital vehicles have excess capital =hat could support \$85b of assets. While timing of credit deals is hard =o predict, the recent Voya transaction is resulting in increased =ialogue and mgmt sees a strong pipeline of potential activity. Further, =PO is building out origination capabilities to support additional =rowth. 2) We see termination risk of the Athene contract as highly =nlikely post last week's contract revision which removes an overhang =nd should support multiple expansion on APO's sticky management fee =team on long duration/permanent capital. The contract was recently =enewed for a four year term and automatically renewed thereafter every =wo years. The new contract is positive for the stock and removes a key =nvestor concern. The fee rates under the new arrangement are neutral to =PS. Risk of termination in next four years is essentially a gross =eglilence standard as it could only be for "cause". =hereafter, the contract could only be terminated because of poor =nvestment performance or if the fee rate is not a market rate; however, =PO has a two year cure period and termination requires a 2/3 vote of =he independent board members. 3) C-Corp conversion unlikely near-term =n our view, but we wouldn't be surprised if APO eventually converts =ssuming KKR's successful conversion remains the case. APO would =ncur a known economic cost, that is tax leakage, in amount of 15% of =arnings if they converted. The

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