OAKTREE CAPITAL GROUP, LLC

First Quarter 2017

Forward-Looking Statements & Safe Harbor

This presentation contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933 (the "Securities Act") and Section 21E of the U.S. Securities Exchange Act of 1934, each as amended, which reflect the current views of Oaktree Capital Group, LLC (the "Company" or "OCG"), with respect to, among other things, its future results of operations and financial performance. In some cases, you can identify forward-looking statements by words such as "anticipate," "approximately," "believe," "continue," "could," "estimate," "expect," "intend," "may," "outlook," "plan," "potential," "predict," "seek," "should," "will" and "would" or the negative version of these words or other comparable or similar words. These statements identify prospective information. Important factors could cause actual results to differ, possibly materially, from those indicated in these statements. Forward-looking statements are based on the Company's beliefs, assumptions and expectations of its future performance, taking into account all information currently available to the Company. Such forward-looking statements are subject to risks and uncertainties and assumptions relating to the Company's operations, financial results, financial condition, business prospects, growth strategy and liquidity, including, but not limited to, changes in the Company's anticipated revenue and income, which are inherently volatile; changes in the value of the Company's investments; the pace of raising new funds; changes in assets under management; the timing and receipt of, and impact of taxes on, carried interest; distributions from and liquidation of the Company's existing funds; the amount and timing of distributions on the Company's Class A units; changes in the Company's operating or other expenses; the degree to which the Company encounters competition; and general political, economic and market conditions. The factors listed in the section captioned "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the U.S. Securities and Exchange Commission ("SEC") on March 1, 2017, which is accessible on the SEC's website at www.sec.gov, provide examples of risks, uncertainties and events that may cause the Company's actual results to differ materially from the expectations described in its forward-looking statements. Forward-looking statements speak only as of the date the statements are made. Except as required by law, the Company does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Certain information contained herein concerning economic trends and performance is based on or derived from information provided by independent third-party sources. Oaktree believes that such information is accurate and that the sources from which it has been obtained are reliable; however, Oaktree cannot guarantee the accuracy of such information and has not independently verified the accuracy or completeness of such information or the assumptions on which such information is based. Moreover, independent third-party sources cited herein are not making any representations or warranties regarding any information attributed to them and shall have no liability in connection with the use of such information herein.

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The Company discloses certain non-GAAP financial measures in this presentation, including adjusted net income ("ANI"), distributable earnings ("DE"), fee-related earnings ("FRE") and economic net income ("ENI"). Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the Unites States of America ("GAAP") are presented in the Appendix. Capitalized terms in the Appendix, including in the footnotes, that are not otherwise defined shall have the meanings ascribed to them in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed with the SEC on May 5, 2017, which is accessible on the SEC's website at www.sec.gov.

Unless otherwise indicated, all data in this presentation is on a segment basis for Oaktree Capital Group, LLC and is as of March 31, 2017.

Oaktree: A Leading Global Alternative Asset Manager

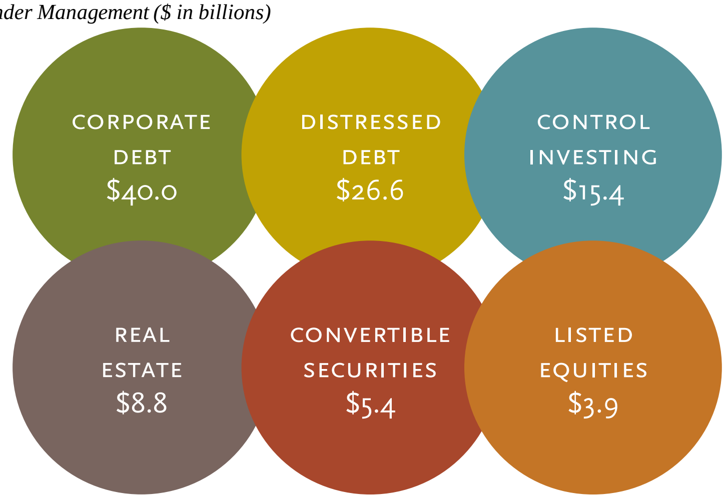
- A leader and pioneer in alternative asset management with $100 billion of AUM
- Diversified mix of pro- and counter-cyclical strategies
- Strong, risk-adjusted investment performance
- A loyal, blue-chip institutional client base
- Attractive growth prospects for new and established strategies

GLOBAL FOOTPRINT[1]

Over 900 professionals in 18 cities and 13 countries

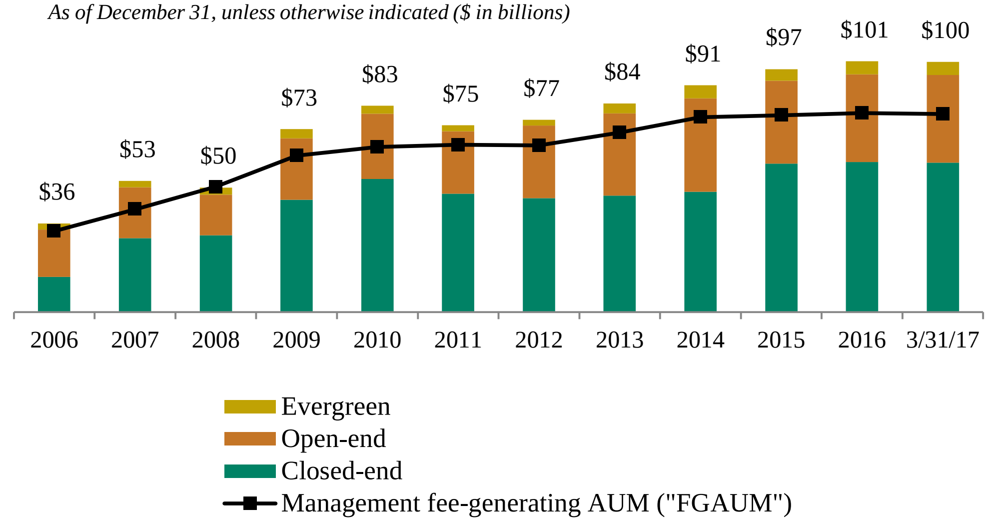
INVESTMENT AREAS[2]

Assets Under Management ($ in billions)



HISTORICAL ASSETS UNDER MANAGEMENT

As of December 31, unless otherwise indicated ($ in billions)



1 *Includes offices of affiliates of Oaktree-managed funds. Oaktree headquarters is based in Los Angeles.*
2 *Assets under management presented above exclude $71 million of assets in the Japan Opportunities strategy.*

Foundation of Oaktree

INVESTMENT PHILOSOPHY

- Primacy of risk control
- Emphasis on consistency
- Importance of market inefficiency
- Benefits of specialization
- Macro-forecasting not critical to investing
- Disavowal of market timing

BUSINESS PRINCIPLES

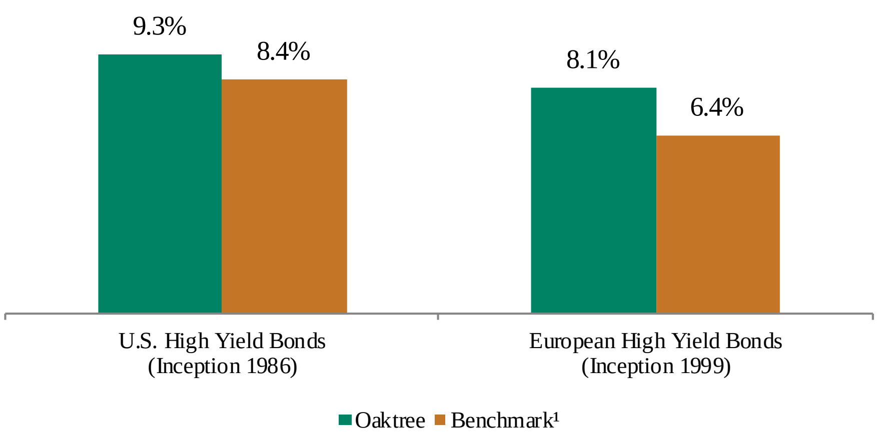
- Excellence in investing
- Proprietary, in-depth research
- Commonality of interests with clients
- Transparent client communications
- Fair, explicit management fee arrangements
- Harmonious, cooperative workplace
- New products are usually “step-outs”
- Profit should stem from performance

Oaktree’s mission is to deliver superior investment results with risk under control and to conduct our business with the highest integrity

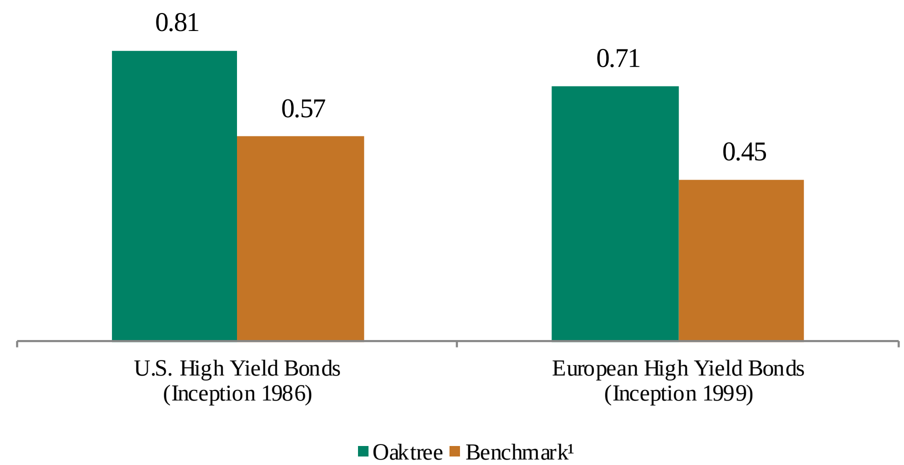
History of Exceptional Investment Performance

SUPERIOR RETURNS, BOTH GROSS AND RISK-ADJUSTED, IN OUR OPEN-END FUNDS

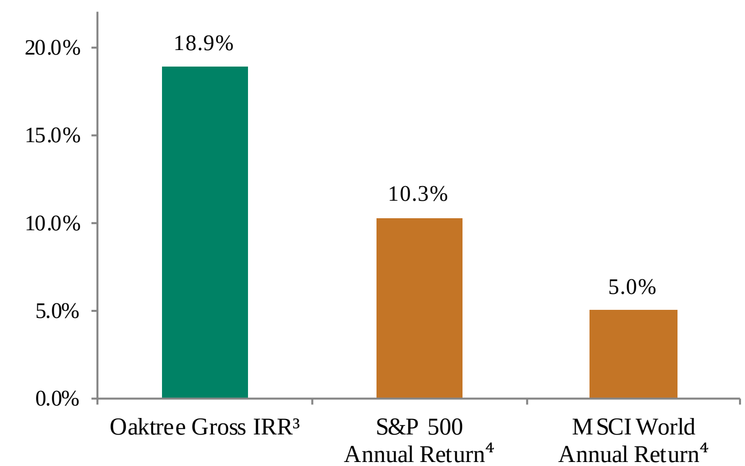
Annualized gross return since inception



Sharpe ratio since inception[2]



OUTSTANDING TRACK RECORD IN OUR CLOSED-END FUNDS



Aggregate closed-end gross IRR	18.9% [3]
Drawn capital	$75 billion [3]
% of funds more than 18 months old with positive gross and net IRRs	98%
% of incentive-creating AUM actively generating incentives	64%

[1] *Detail on benchmarks is presented in the Appendix*
[2] *The Sharpe Ratio is a metric used to calculate risk-adjusted return. It is the ratio of excess return to volatility, with excess return defined as the return above that of a riskless asset (three-month T-bill) divided by the standard deviation of such returns. The higher the Sharpe Ratio, the greater the return for a given level of risk compared to the risk-free rate.*
[3] *Since oldest strategy inception in October 1988. Excludes closed-end Senior Loan funds, CLOs, Oaktree Asia Special Situations Fund, Asia Principal Opportunities Fund, certain separate accounts and co-investments*
[4] *Represents annualized time-weighted return since October 1988*

A Diverse and Growing Base of Clients

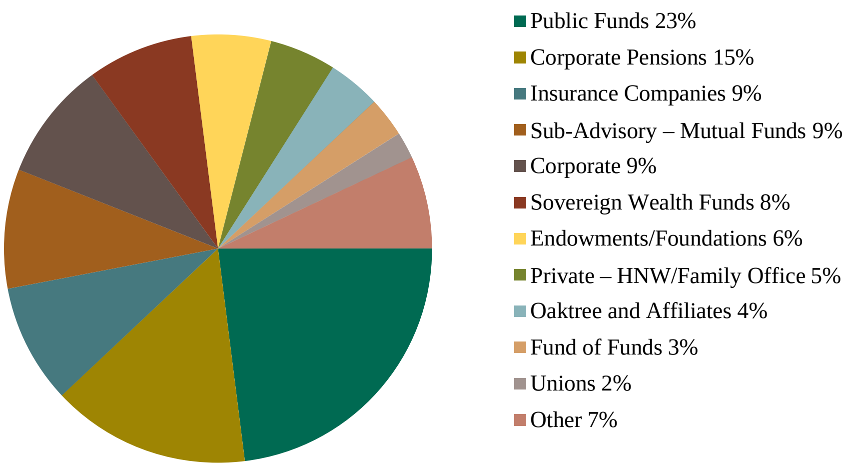
SIGNIFICANT BASE OF BLUE-CHIP CLIENTELE

100 largest U.S. pension funds	75
States	38
Corporations	429
Colleges, Universities, Endowments & Foundations	367
Sovereign wealth funds	16

SUCCESS IN CROSS SELLING

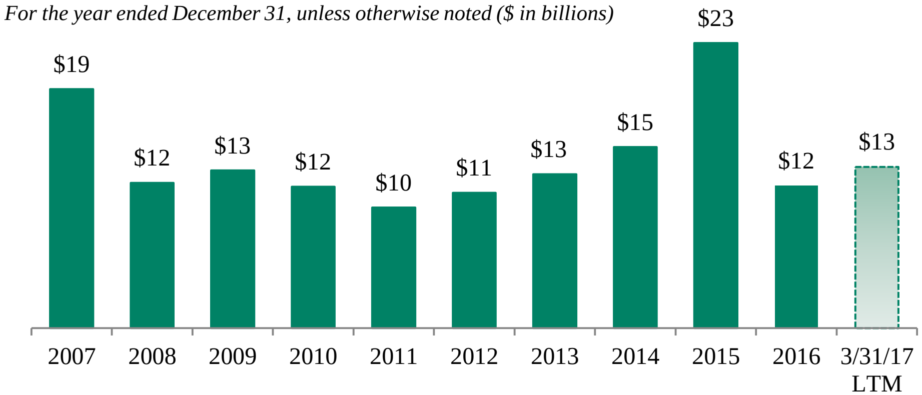
	% AUM
Clients in 4 or more strategies	38%
Clients in 2–3 strategies	38%
Total in multiple strategies	76%

DIVERSE CLIENTELE



GROSS CAPITAL RAISED

For the year ended December 31, unless otherwise noted ($ in billions)

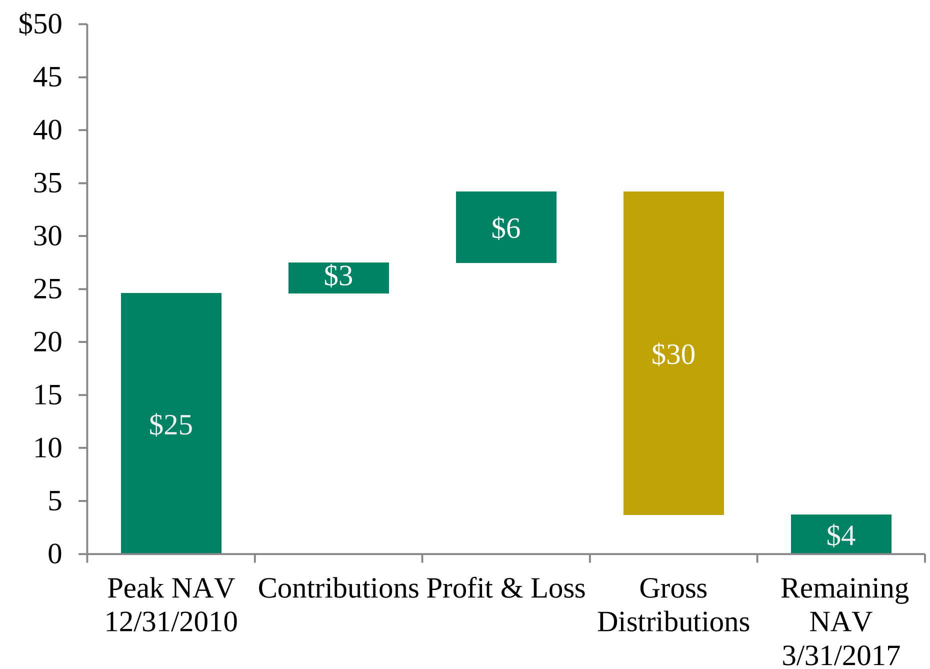


$10 billion or more of gross capital raised for 10 consecutive years

Excellence in Distressed Debt Investing

SUBSTANTIAL HARVESTING SINCE PEAK NAV[1]

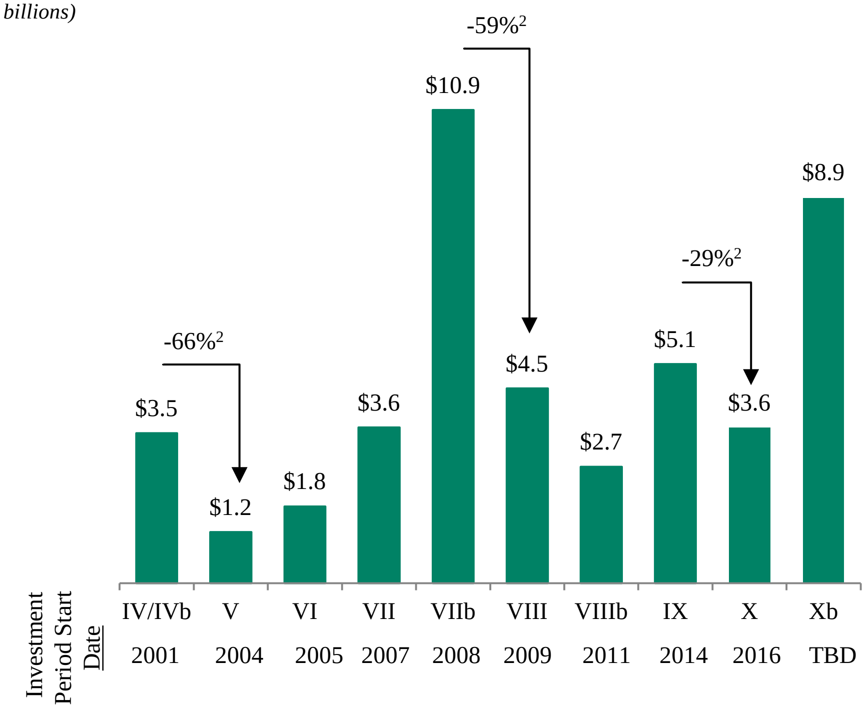
($ in billions)



- Invest opportunistically in mostly senior or secured debt of financially distressed companies with hard asset values, dependable cash flows and durable business franchises
- Seek to combine protection against loss, which comes from buying claims on assets at bargain prices, with substantial gains to be achieved by returning companies to financial viability through restructuring
- Take advantage of a broad charter within a closed-end structure to identify the best opportunities resulting from market inefficiencies and cyclical downturns

FUNDS SIZED TO THE OPPORTUNITY SET

($ in billions)



- Increase fund size ahead of potential market dislocation
- Scale back funds when opportunity set shrinks
- Dramatic downsizing of funds enables team to remain highly selective
- Largest funds are among our best performers

[1]From December 31, 2010 through March 31, 2017. Represents High-water Mark NAV, Contributions, Profit & Loss, Gross Distributions and Current NAV of the Opportunities Funds (TCW Funds managed by Oaktree Principals; Opportunities Funds I, II, III, IV, IVb, V, VI, VII, VIIb, VIII, Huntington; and all related trusts and separate accounts).
[2]Percentage represents the decrease in capital commitment from predecessor fund

Diverse Real Estate Platform

Potential Returns

REAL ESTATE DEBT

Strategy Inception: 2010
AUM: $1.7 billion

Focus Areas:

- CMBS
- Corporate Debt
- Commercial First Mortgages
- Mezzanine Loans/B-Notes
- Residential First Mortgages

REAL ESTATE VALUE-ADD

Strategy Inception: 2016
AUM: $0.6 billion

Focus Areas:

- Commercial
  - Office
  - Multifamily
  - Industrial
  - Retail (selectively)
  - Hotels (selectively)
- Other Income-Generating Assets

REAL ESTATE OPPORTUNITIES

Strategy Inception: 1994
AUM: $6.5 billion

Focus Areas:

- Commercial
- Commercial NPLs
- Corporate (REITs)
- Residential/Residential NPLs
- Structured Finance (CMBS)

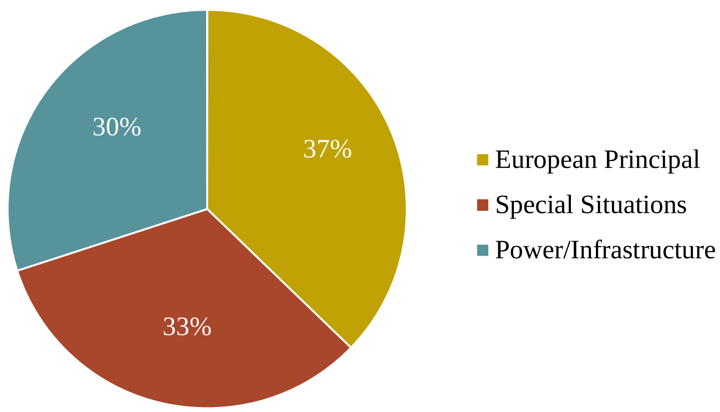
Potential Risk

Real Estate AUM of $8.8 billion with a 27% CAGR since 2008

As of March 31, 2017

Targeted Strategies in Control Investing

$15 billion of control investing AUM



Industry / Deal Specialization

EUROPEAN PRINCIPAL

- Targets control investments in sectors and regions (primarily in Europe) where dislocation or distress results in an attractive purchase price or creation value
- Primary investing activities include:
  - **Special Situation PE:** Buying assets and companies at a discount from forced or distressed sellers or as a result of a broken auction
  - **Platforms:** Acquiring or creating a de novo operating company in industries that are "out-of-favor" or undergoing structural change
  - **Distress-for-Control:** Purchasing distressed securities and investing new capital to lead a balance sheet and operational restructuring

POWER/ INFRASTRUCTURE

- **Power Opportunities:** Seeks to make controlling equity investments in successful companies that provide products and services used in the marketing, distribution, transmission, generation, trading or consumption of energy
- **Infrastructure:** Seeks to make controlling equity investments in core infrastructure assets exhibiting sustainable downside protection where experience and ability to add value to the assets provide significant upside potential
  - Primarily targets investments in the energy, transportation and environmental services sectors in North America

SPECIAL SITUATIONS[1]

- Focuses on special situations and distressed private equity investing in the U.S. and Australia
- Seeks to make investments that result in control of or significant influence in companies experiencing some element of distress, dislocation or dysfunction, and then actively manages those businesses
- Flexibility to invest across capital structures, including:
  - **Secondary purchases of debt** (distress-for-control)
  - **Direct investments** in distressed businesses
- Target companies with total enterprise values of less than $2 billion

Leveraging our focus on risk control and specialization for opportunities in middle market private equity

As of March 31, 2017
[1]Effective November 2016, the Global Principal strategy was renamed Special Situations

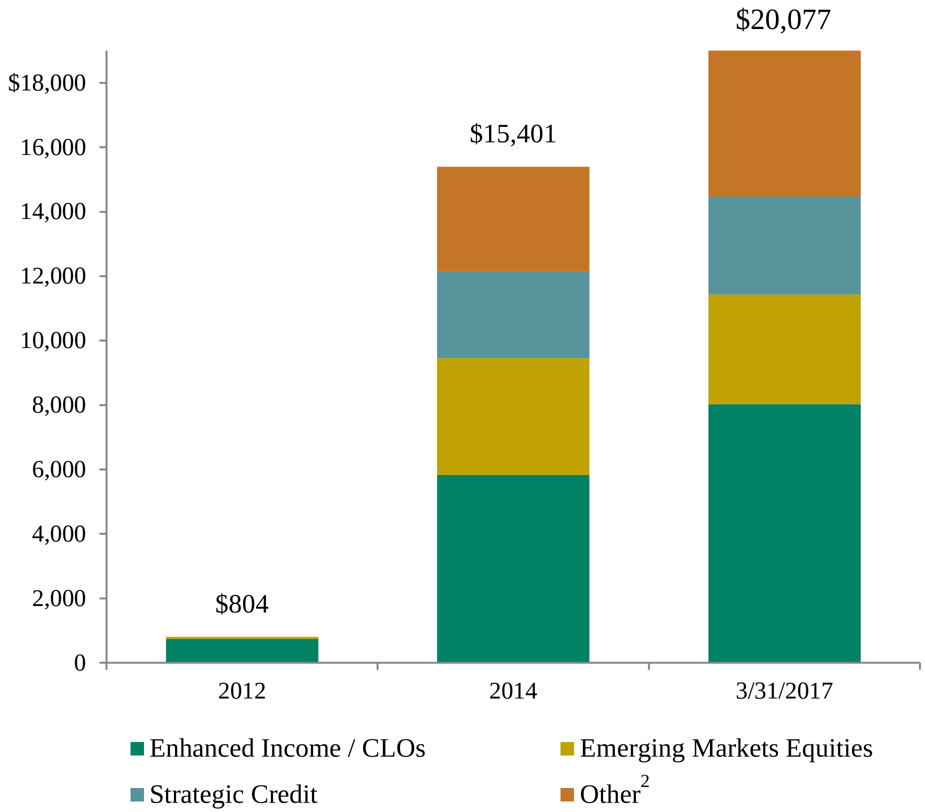
Attractive Growth Opportunities

	Opportunities	Description	Examples
Product	**Established Strategies**	• Offering investors a diverse range of products across large addressable markets including distressed debt, control investing, real estate and credit strategies • Executing our existing closed-end fundraising pipeline and deploying that capital judiciously	• Opportunities Fund Xb • European Principal Fund IV • European Capital Solutions • Open-end and Evergreen funds
Product	**Step-Out Products**	• Addressing investors' demand for yield with risk under control in a low return world	• Global Credit Fund • Middle Market Direct Lending • Real Estate Debt / Real Estate Value-Add • European Private Debt • Enhanced Income Fund / CLOs
Product	**Emerging Markets**	• Fast growing, inefficient asset classes	• EM Equities • EM Distressed Debt • EM Performing Debt
Distribution	**Existing Channels**	• Substantial opportunities to penetrate existing channels by increasing cross-selling and enhancing geographic footprint	• 76% of investors by AUM invested in 2 or more strategies and 38% in 4 or more strategies • 33% of our AUM is managed for clients outside the U.S.
Distribution	**New Channels**	• Accessing increasing global retail demand for alternatives – High net worth – Sub-advisory relationships	• SICAV product offerings • Intermediary distribution for closed-end funds

Step-Out Strategies, A Natural Evolution

$20 billion of AUM in adjacent products[1]

As of December 31, unless otherwise noted ($ in millions)



Organic growth a result of "step-out" strategies

- Emerging Markets Opportunities
- Emerging Markets Debt Total Return
- Strategic Credit
- Value Equities

- Enhanced Income
- CLOs

- Real Estate Debt
- Real Estate Value-Add

- Emerging Markets Equities

- European Private Debt

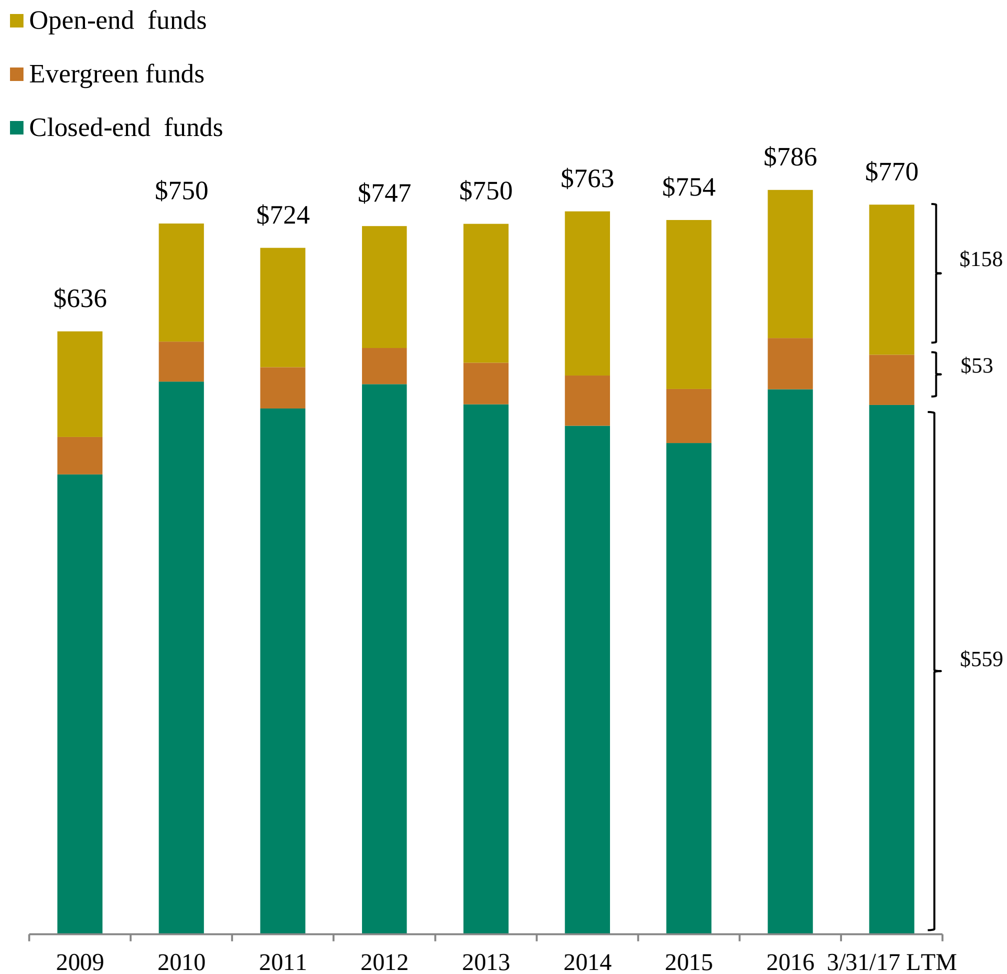
1 Includes strategies launched since January 2011

2 "Other" includes Real Estate Debt, Emerging Markets Opportunities, Emerging Markets Debt Total Return, European High Yield Bonds and Senior Loans, Value Equities, Infrastructure, Real Estate Value-Add, and Global Credit Fund

Benefits of Locked-in Capital

MANAGEMENT FEES

For the year ended December 31, unless otherwise noted ($ in millions)



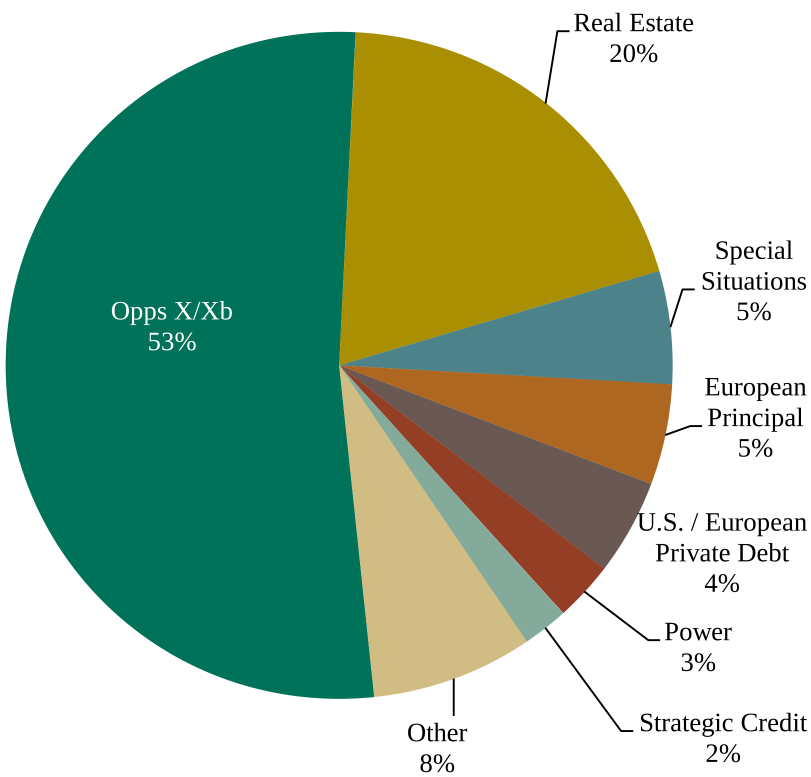
- **Management fees have remained stable despite:**
  - Significant closed-end fund distributions (more than $63 billion since January 2010)
  - $13 billion of AUM not yet generating management fees ("shadow AUM") at 3/31/17[1]

- **The stability of management fees can be attributed to:**
  - Locked-in capital: 73% of management fees from closed-end funds over the last twelve months
  - Diversified mix of pro- and counter-cyclical investment strategies

[1] This compares with $21.8 billion of uncalled capital commitments as of 3/31/17. The difference primarily relates to funds that pay fees based on committed capital and have already begun their investment period, as these funds are excluded from shadow AUM but included in uncalled capital commitments to the extent they have not yet drawn 100% of committed capital. Shadow AUM also excludes general partner commitments.

Well Positioned for Future Investment Opportunity

NEAR-RECORD DRY POWDER OF $22 BILLION



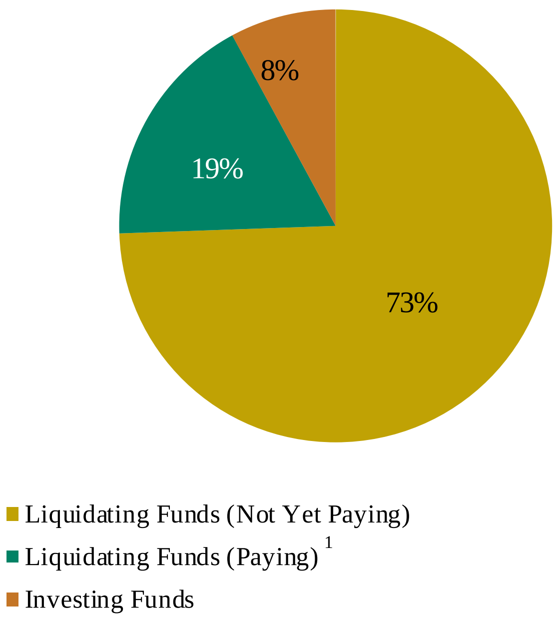
CONTINUED STRENGTH IN FUNDRAISING

- Continued fundraising in established strategies, including:
  - Real Estate Debt Fund II (“REDF II”) – successor to the first Real Estate Debt Fund, a $1 billion fund
  - European Principal Fund IV – successor to European Principal Fund III, a €3 billion fund
- New product development in 2017 includes:
  - **Real Estate Income Fund** – primarily focused on value add and some core plus investments
  - **Middle-Market Direct Lending** – step-out product from our U.S. Private Debt team
  - **Global Credit Fund** – multi-strategy product combining the full breadth of Oaktree’s more liquid credit strategies
- **$13.1 billion of shadow AUM** with a blended fee rate of 1.42% positions us well for future fee related earnings growth

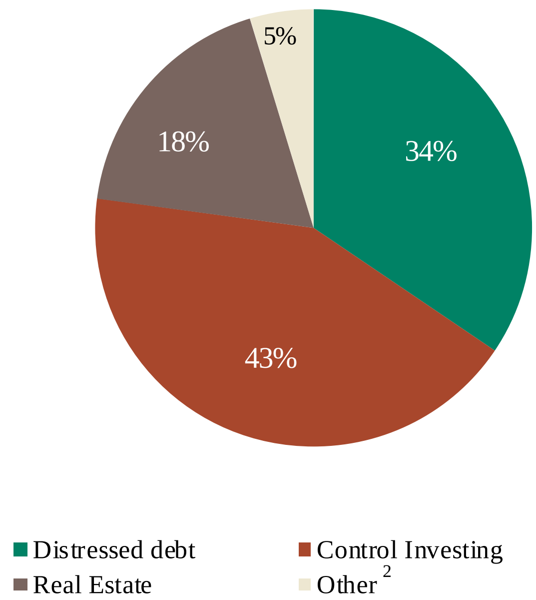
OAKTREE

Diverse Incentive Income Pipeline

TOTAL NET ACCRUED INCENTIVES $969 MILLION



NET ACCRUED INCENTIVES ARE DIVERSIFIED AMONG OUR INVESTMENT STRATEGIES



Net accrued incentives increased 30% over the LTM to $969 million ($6.22 per unit[3])

[1] *Funds paying include all incentive-creating evergreen funds and closed-end funds that have reached the stage of their distribution waterfall where the drawn capital and preferred return have been distributed to investors and, therefore, incremental distributions thereafter generate incentive income for the Company. Funds paying does not reflect funds that may pay incentive income related to tax distributions only.*
[2] *Other primarily includes U.S. Private Debt, European Private Debt and Emerging Markets Opportunity funds.*
[3] *Per Operating Group unit (not per Class A unit). Net accrued incentives (fund level) is presented before income taxes.*

Distributable Earnings: Strength through Diversification

FEE-RELATED EARNINGS	A significant contributor to distributable earnings over the LTM and the last 3 years (45% and 48% respectively, of total distributable earnings)
+	
DOUBLELINE	$64 million of distributable earnings over the LTM as DoubleLine grew AUM 11% over this period
+	
INVESTMENT INCOME PROCEEDS FROM FUNDS	A steady source, with unrealized investment income proceeds on corporate investments of $380 million, of which $187 million was in closed-end funds in their liquidation period
+	
INCENTIVE INCOME	53 straight quarters of incentive income

Our strong financial profile enables us to maintain a high payout ratio, while investing in growth and product development

Substantial Asset Value with Significant Upside

BOOK VALUE	$12.21[1]	Includes: • $1.5 billion Investments • $0.2 billion Net Cash
+	+	
NET ACCRUED INCENTIVES (FUND LEVEL)	$6.22[1]	• ~92% in liquidating or evergreen funds
TOTAL	$18.43[1] + DOUBLELINE	• DoubleLine carrying value of $26 million is significantly below FMV

The key tenets of our capital management strategy have been and remain:

1) Grow a strong, highly rated balance sheet with ample liquidity that allows us to fund growth for our current investment strategies along with strategic or opportunistic corporate development initiatives
2) Distribute to unitholders any cash that isn't needed to achieve #1, subject to our cash distribution policy
3) Consider opportunistic, not formulaic, purchases of our units, in the context of a long-term goal of enhancing the public float of our units

[1] *Per Operating Group unit (not per Class A unit). Net accrued incentives (fund level) is presented before income taxes.*

Appendix

OAKTREE

Strategy Initiation

1986	U.S High Yield Bonds
1987	U.S Convertibles
1988	Distressed Opportunities
1989	High Income Convertibles
1994	Non U.S Convertibles; Special Situations[1]; Real Estate Opportunities
1995	**Oaktree Formation**
1998	Emerging Markets Absolute Return
1999	Power Opportunities; European High yield Bonds
2001	Mezzanine Finance
2006	European Principal; Asia Principal; European Senior Loans
2007	U.S Senior Loans; Value Opportunities
2010	Global High Yield Bonds; Real Estate Debt
2011	Emerging Markets Equities
2012	Strategic Credit; Emerging Markets Opportunities
2013	European Private Debt
2014	Value Equities; Infrastructure Investing
2015	Emerging Markets Debt Total Return
2016	European High Yield Bonds and Senior Loans; Real Estate Value-Add
2017	Global Credit Fund; Middle Market Direct Lending

[1] *Effective November 2016, the Global Principal strategy was renamed Special Situations.*

Preponderance of Capital in Long-Term Closed-End Funds

	% of AUM	% Management Fees[1]	Lockup	Incentive Income
CLOSED-END • Distressed Debt • Control Investing • Real Estate • U.S. Private Debt	60%	73%	10-11 year fund term	20% of LP profits after return of capital, subject to preferred return hurdle
OPEN-END • High Yield Bonds • Convertible Securities • Senior Loans • Emerging Markets Equities	35%	20%	mostly 30 days	
EVERGREEN • Value Opportunities • Emerging Markets • Strategic Credit • Value Equities	5%	7%	90 days to 3 years	10-20% of annual LP profits, subject to high-water mark or preferred return hurdle

Note: The above represents the general characteristics of the fund structures, but specific terms may vary depending on the strategy.

[1] *For the last twelve months ended 3/31/17*

Primary Earnings Measure: Adjusted Net Income

Fee-related Earnings
- Equity-based Compensation
- Interest Expense, net
+ Other Income (Expense)

Fee-related Earnings & Other

+ Investment Income from Funds
+ Doubleline & Other

Investment Income

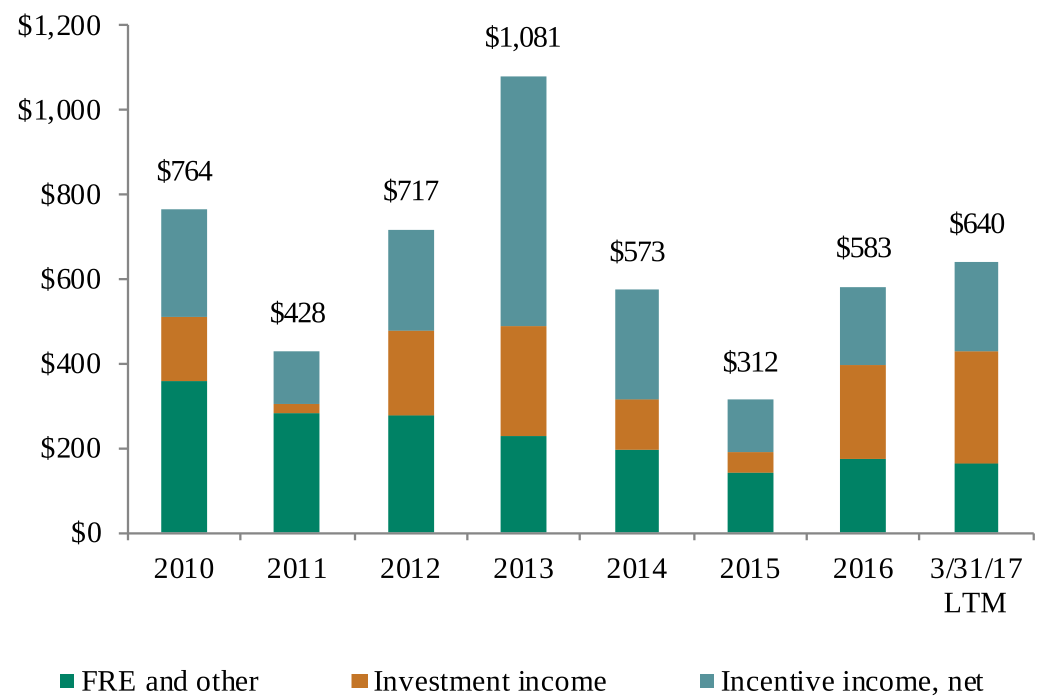
+ Incentive Income
- Incentive Income Comp

Incentive Income, net

ADJUSTED NET INCOME (ANI)

COMPONENTS OF ADJUSTED NET INCOME

For the year ended December 31, unless otherwise noted ($ in millions)



Please see page 24 for a description of non-GAAP financial metrics.

Economic Net Income

ADJUSTED NET INCOME

\+ Accrued Incentives (Fund), net[1] (EOP)

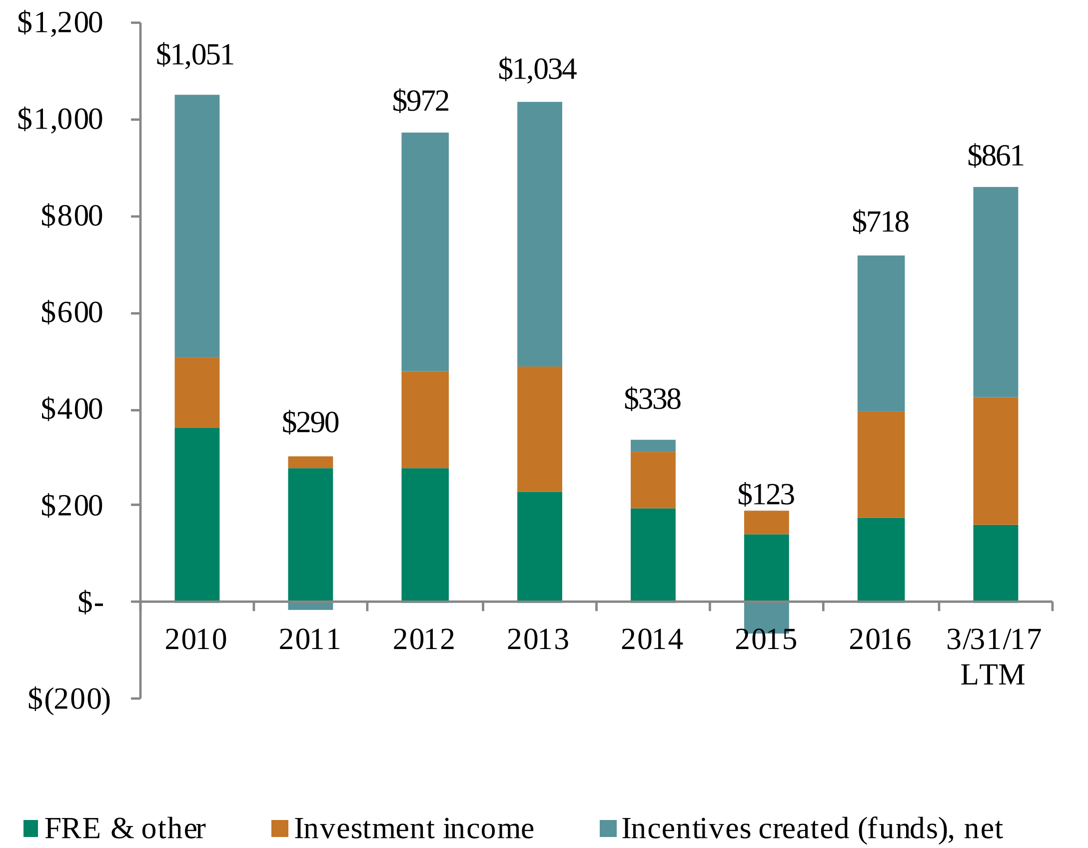
\- Accrued Incentives (Fund), net[1] (BOP)

Δ in Accrued Incentives (Fund), net

ECONOMIC NET INCOME (ENI)

COMPONENTS OF ECONOMIC NET INCOME

For the year ended December 31, unless otherwise noted ($ in millions)



[1] *Net of associated incentive income compensation expense.*
Please see page 24 for a description of non-GAAP financial metrics.

Distributable Earnings

ADJUSTED NET INCOME

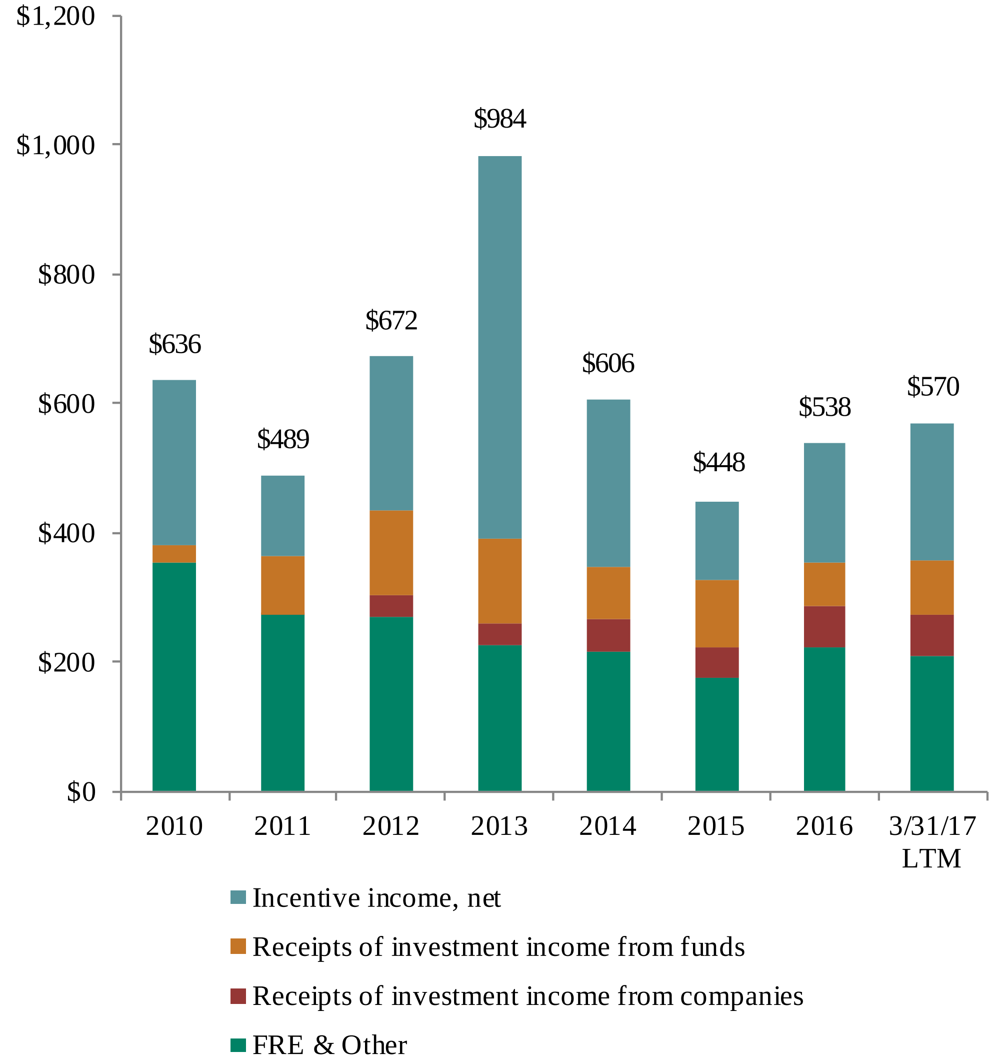
- Investment Income (MTM basis)
+ Receipts Of Investment Income – Funds
+ Receipts Of Investment Income – Companies

+ Equity-based Compensation
- Operating Group Income Taxes

DISTRIBUTABLE EARNINGS (DE)

COMPONENTS OF DISTRIBUTABLE EARNINGS

For the year ended December 31, unless otherwise noted ($ in millions)



Please see page 24 for a description of non-GAAP financial metrics.

Disclosures: Fund Table Provides Meaningful Insights

Shows when management fee basis changes from committed capital to the lower of contributed capital or cost

Incentive income recognized in ANI to date

Incentive income that would be recognized if fund was liquidated at its current NAV

Reflects the amount of distributions required for fund to start recognizing incentive income[1]

	Investment Period		As of March 31, 2017										IRR Since Inception		
	Start Date	End Date	Total Committed Capital	% Invested	% Drawn	Fund Net Income Since Inception	Distributions Since Inception	Net Asset Value	Management Fee-generating AUM	Oaktree Segment Incentive Income Recognized	Accrued Incentives (Fund Level)	Unreturned Drawn Capital Plus Accrued Preferred Return	Gross	Net	Multiple of Drawn Capital
								(in millions)							
Distressed Debt															
Oaktree Opportunities Fund Xb	TBD	—	$ 8,872	—%	—%	$ —	$ —	$ —	$ —	$ —	$ —	$ —	n/a	n/a	n/a
Oaktree Opportunities Fund X	Jan. 2016	Jan. 2019	3,603	68 %	29 %	502	43	1,514	3,335	—	97	1,103	57.7 %	35.6 %	1.7x
Oaktree Opportunities Fund IX	Jan. 2014	Jan. 2017	5,066	nm	100 %	190	409	4,847	4,868	—	—	5,936	4.0 %	1.3 %	1.1
Oaktree Opportunities Fund VIIIb	Aug. 2011	Aug. 2014	2,692	nm	100 %	547	1,464	1,775	2,001	52	—	2,268	7.3 %	4.3 %	1.3
Special Account B	Nov. 2009	Nov. 2012	1,031	nm	100 %	548	1,240	412	399	16	—	347	13.3 %	10.9 %	1.6
Oaktree Opportunities Fund VIII	Oct. 2009	Oct. 2012	4,507	nm	100 %	2,286	5,087	1,707	1,502	165	280	1,232	12.7 %	8.7 %	1.6
Special Account A	Nov. 2008	Oct. 2012	253	nm	100 %	303	487	69	57	46	14	—	28.1 %	22.8 %	2.2
OCM Opportunities Fund VIIb	May 2008	May 2011	10,940	nm	90 %	8,893	17,633	1,104	996	1,523	205	—	21.9 %	16.6 %	2.0
OCM Opportunities Fund VII	Mar. 2007	Mar. 2010	3,598	nm	100 %	1,474	4,697	375	574	85	—	503	10.3 %	7.6 %	1.5
OCM Opportunities Fund VI	Jul. 2005	Jul. 2008	1,773	nm	100 %	1,294	3,064	3	—	252	1	—	11.9 %	8.8 %	1.8
OCM Opportunities Fund V	Jun. 2004	Jun. 2007	1,179	nm	100 %	958	2,103	34	—	180	7	—	18.5 %	14.1 %	1.9
Legacy funds	Various	Various	9,543	nm	100 %	8,204	17,695	52	—	1,113	10	—	24.2 %	19.3 %	1.9
													22.0 %	16.2 %	

% invested reflects how invested the fund is and, therefore, provides an indication of when we might raise a successor fund

Indicator for generating incentives (must cross net return threshold, generally 8%, before generating incentives)

Note: There are some exceptions to the statements above (e.g. some closed-end funds charge fees on contributed capital or NAV during the investment period).

[1] *Additionally, tax distributions impact the timing of incentive income recognition.*

Description of Non-GAAP Metrics

Adjusted net income ("ANI") is a measure of profitability for our investment management segment. The components of revenues ("segment revenues") and expenses used in the determination of ANI do not give effect to the consolidation of the funds that we manage. Segment revenues include investment income (loss) that is classified in other income (loss) in the GAAP-basis statements of operations. Segment revenues and expenses also reflect Oaktree's proportionate economic interest in Highstar, whereby amounts received for contractually reimbursable costs are classified for segment reporting as expenses and under GAAP as other income. In addition, ANI excludes the effect of (a) non-cash equity-based compensation expense related to unit grants made before our initial public offering, (b) acquisition-related items, including amortization of intangibles and changes in the contingent consideration liability, (c) differences arising from equity value units ("EVUs") that are classified as liability awards under GAAP but as equity awards for segment reporting, (d) income taxes, (e) other income or expenses applicable to OCG or its Intermediate Holding Companies, and (f) the adjustment for non-controlling interests. Moreover, third-party placement costs associated with closed-end funds under GAAP are expensed as incurred, but for ANI are capitalized and amortized as general and administrative expense in proportion to the associated management fee stream. Gains and losses resulting from foreign-currency transactions and hedging activities under GAAP are recognized as general and administrative expense whether realized or unrealized in the current period, but for ANI unrealized gains and losses from foreign-currency hedging activities are deferred until realized, at which time they are included in the same revenue or expense line item as the underlying exposure that was hedged. Additionally, for ANI, foreign-currency transaction gains and losses are included in other income (expense), net. Incentive income and incentive income compensation expense are included in ANI when the underlying fund distributions are known or knowable as of the respective quarter end, which may be later than the time at which the same revenue or expense is included in the GAAP-basis statements of operations, for which the revenue standard is fixed or determinable and the expense standard is probable and reasonably estimable. CLO investments are carried at fair value for GAAP reporting, whereas for segment reporting they are carried at amortized cost, subject to any impairment charges. Investment income on CLO investments is recognized in ANI when cash distributions are received. Cash distributions are allocated between income and return of capital based on the effective yield method. ANI is calculated at the Operating Group level.

Economic net income ("ENI") is a non-GAAP performance measure that we use to evaluate the financial performance of our segment by applying the "Method 2," instead of the "Method 1," revenue recognition approach to accounting for incentive income. ANI follows Method 1, except incentive income is recognized when the underlying fund distributions are known or knowable as of the respective quarter end, as opposed to the fixed or determinable standard of Method 1. The Method 2 approach followed by ENI recognizes incentive income as if the funds were liquidated at their reported values as of the date of the financial statements. ENI is computed by adjusting ANI for the change in accrued incentives (fund level), net of associated incentive income compensation expense, during the period.

Distributable earnings is a non-GAAP performance measure derived from our segment results that we use to measure our earnings at the Operating Group level without the effects of the consolidated funds for the purpose of, among other things, assisting in the determination of equity distributions from the Operating Group. However, the declaration, payment and determination of the amount of equity distributions, if any, is at the sole discretion of our board of directors, which may change our distribution policy at any time. Distributable earnings and distributable earnings revenues differ from ANI in that they exclude segment investment income or loss and include the receipt of investment income or loss from distributions by our investments in funds and companies. Additionally, any impairment charges on our CLO investments included in ANI are, for distributable earnings purposes, amortized over the remaining investment period of the respective CLO, in order to align with the timing of expected cash flows. In addition, distributable earnings differs from ANI in that it is net of Operating Group income taxes and excludes non-cash equity-based compensation expense.

Fee-related earnings ("FRE") is a non-GAAP performance measure that we use to monitor the baseline earnings of our business. FRE is comprised of segment management fees ("fee-related earnings revenues") less segment operating expenses other than incentive income compensation expense and non-cash equity-based compensation expense. FRE is considered baseline because it applies all cash compensation and benefits other than incentive income compensation expense, as well as all general and administrative expenses, to management fees, even though a significant portion of those expenses is attributable to incentive and investment income. FRE is presented before income taxes.

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Reconciliations of Non-GAAP Metrics

For the year ended December 31, unless otherwise noted ($ in thousands)	2010	2011	2012	2013	2014	2015	2016	1Q2017 LTM
Reconciliation of Net Income (Loss) Attributable to Oaktree Capital Group, LLC to ANI to DE:								
Net income (loss) attributable to Oaktree Capital Group, LLC……..	$ (49,455)	$ (95,972)	$ 107,810	$ 221,998	$ 126,283	$ 71,349	$ 194,705	$ 221,542
Incentive income[1]…………………………………………………	-	-	-	(64,460)	28,813	(19,002)	1,407	1
Incentive income compensation[1]……………………………………	-	-	-	46,334	(10,677)	19,009	(1,407)	(1)
Investment income[2]………………………………………………	-	-	-	-	-	-	(21,814)	(15,757)
Equity-based compensation[3]…………………………………………	949,376	948,746	36,024	24,613	21,690	16,403	11,965	12,075
Placement costs[4]…………………………………………………	-	-	-	-	-	3,619	11,870	5,226
Foreign-currency hedging[5]……………………………………………	-	-	-	-	(2,003)	2,619	1,496	(6,366)
Acquisition-related items[6]……………………………………………	-	-	-	-	2,442	5,251	(924)	287
Income taxes[7]………………………………………………………	26,399	21,088	30,858	26,232	18,536	17,549	42,519	42,141
Non-Operating Group other income[8]………………………………	-	-	(6,260)	-	-	-	-	-
Non-Operating Group expenses[8]……………………………………	1,113	768	553	1,195	1,645	2,097	1,176	1,144
Non-controlling interests[8]……………………………………………	(163,555)	(446,246)	548,265	824,795	386,398	192,968	341,590	379,360
Adjusted Net Income………………………………………………	763,878	428,384	717,250	1,080,707	573,127	311,862	582,583	639,652
Investment income[9]………………………………………………	(149,449)	(23,763)	(202,392)	(258,654)	(117,662)	(48,253)	(221,377)	(264,729)
Receipts of investment income from funds[10]………………………	28,891	88,693	129,621	128,896	81,438	101,296	66,390	82,562
Receipts of investment income from companies …………………	-	1,496	33,838	35,664	49,546	48,067	63,700	63,851
Equity-based compensation[11]………………………………………	-	-	-	3,828	19,705	37,978	51,759	52,707
Operating Group income taxes………………………………………	(7,640)	(6,275)	(6,136)	(6,175)	(18)	(3,374)	(4,635)	(4,249)
Distributable Earnings……………………………………………….	$ 635,680	$ 488,535	$ 672,181	$ 984,266	$ 606,136	$ 447,576	$ 538,420	$ 569,794

[1] This adjustment adds back the effect of timing differences associated with the recognition of incentive income and incentive income compensation expense between adjusted net income and net income attributable to OCG.

[2] This adjustment adds back the effect of differences in the recognition of investment income related to corporate investments in CLOs which under GAAP are marked-to-market but for segment reporting are accounted for at amoritzed cost, subject to impairment between adjusted net income and net income attributable to OCG.

[3] This adjustment adds back the effect of (a) equity-based compensation expense related to unit grants made before our initial public offering, which is excluded from adjusted net income because it does not affect our financial position and from distributable earnings because it is non-cash in nature and does not impact our ability to fund operations or make equity distributions, and (b) differences arising from EVUs that are classified as liability awards under GAAP but as equity awards for segment reporting.

[4] This adjustment adds back the effect of timing differences with respect to the recognition of third-party placement costs associated with closed-end funds between adjusted net income nd net income attributable to OCG.

[5] This adjustement adds back the effect of timing differences associated with the recognition of unrealized gains and losses related to foreign-currency hedging between adjusted net income and net income attributable to OCG.

[6] This adjustment adds back the effect of acquisition-related items associated with the amortization of intangibles and changes in the contingent consideration liability.

[7] Because adjusted net income and distributable earnings are pre-tax measures, this adjustment adds back the effect of income tax expense.

[8] Because adjusted net income and distributable earnings are calculated at the Operating Group level, this adjustment adds back the effect of items applicable to OCG, its Intermediate Holding Companies or non-controlling interests.

[9] This adjustment eliminates our segment investment income, which with respect to investments in funds is initially largely non-cash in nature and is thus not available to fund our operations.

[10] This adjustment characterizes the portion of the distributions received from funds as receipts of investment income or loss. In general, the income or loss component of a distribution from a fund is calculated by multiplying the amount of the distribution by the ratio of our investment's undistributed income or loss to our remaining investment balance. In addition, if the distribution is made during the investment period, it is generally not reflected in distributable earnings until after the investment period ends.

[11] This adjustment eliminates the effect of equity-based compensation charges related to unit grants made after our initial public offering, which is excluded from distributable earnings because it is non-cash in nature and does not impact our ability to fund our operations.

Reconciliations of Non-GAAP Metrics

For the year ended December 31, unless otherwise noted ($ in thousands)	2010	2011	2012	2013	2014	2015	2016	1Q2017 LTM
Reconciliation of Fee-Related Earnings (FRE) to ANI to ENI:								
FRE[1]	$ 375,362	$ 314,968	$ 307,617	$ 260,115	$ 248,260	$ 218,562	$ 267,733	$ 253,571
Incentive income……	413,240	303,963	461,116	1,030,195	491,402	263,806	355,152	405,757
Incentive income compensation ……	(159,243)	(179,234)	(222,594)	(436,217)	(231,871)	(141,822)	(169,683)	(193,078)
Investment income……	149,449	23,763	202,392	258,654	117,662	48,253	221,377	264,729
Equity-based compensation[2]……	-	-	(318)	(3,828)	(19,705)	(37,978)	(51,759)	(52,707)
Interest expense, net of interest income……	(26,173)	(33,867)	(31,730)	(28,621)	(30,190)	(35,032)	(31,845)	(30,134)
Other income (expense), net……	11,243	(1,209)	767	409	(2,431)	(3,927)	(8,392)	(8,486)
ANI……	763,878	428,384	717,250	1,080,707	573,127	311,862	582,583	639,652
Change in accrued incentives (fund level), net of associated incentive income compensation [3]……	286,704	(138,872)	254,483	(46,968)	(235,303)	(188,383)	135,002	221,318
ENI……	$ 1,050,582	$ 289,512	$ 971,733	$ 1,033,739	$ 337,824	$ 123,479	$ 717,585	$ 860,970
Reconciliation of Consolidated Management fees to Segment Management fees:								
Management fees - Consolidated……	$ 162,051	$ 140,715	$ 134,568	$ 192,605	$ 192,055	$ 195,308	$ 774,587	$ 757,001
Adjustments[4]……	587,980	583,606	612,872	557,296	570,768	558,497	11,086	12,967
Management fees - Segment……	$ 750,031	$ 724,321	$ 747,440	$ 749,901	$ 762,823	$ 753,805	$ 785,673	$ 769,968

[1] Fee-related earnings is a component of adjusted net income and is comprised of segment management fees less segment operating expenses other than incentive income compensation expense and non-cash equity-based compensation expense related to unit grants made after our initial public offering.

[2] This adjustment adds back the effect of equity-based compensation expense related to unit grants made after our initial public offering, which is excluded from fee-related earnings because it is non-cash in nature and does not impact our ability to fund our operations.

[3] The change in accrued incentives (fund level), net of associated incentive income compensation expense, represents the difference betwee (a) our recognition of net incentive income and (b) the incentive income generated by the funds during the period that would be due to us if the funds were liquidated at their reported values as of that date, net of associated incentive income compensation expense.

[4] This adjustment primarily represents the elimination of amounts attributable to the Company's consolidated funds, the reclassification of net gains or losses related to foreign-currency related hedging activities to general and administrative expense, and the elimination of non-controlling interests from segment revenues.

Benchmark Disclosures

BENCHMARK DETAIL

U.S. High Yield Bonds:
Citigroup U.S. High Yield Cash-Pay Capped Index

European High Yield Bonds:
BofA Merrill Lynch Global Non-Financial High Yield European Issuers excluding Russia 3% Constrained Index (USD Hedged)