



## Oaktree Announces First Quarter 2016 Financial Results

As of March 31, 2016 or for the quarter then ended:

- **Management fees** rose to a quarterly record of \$201.3 million, driving an increase in **fee-related earnings** to \$62.4 million, up 6% and 25%, respectively, from the first quarter of 2015.
- **Adjusted net income** was \$105.0 million (or \$0.49 per Class A unit), down from \$150.0 million (\$0.81 per unit) for the first quarter of 2015, on lower incentive income and investment income, partially offset by higher fee-related earnings.
- **Distributable earnings** were \$125.7 million (or \$0.68 per Class A unit), down from \$135.2 million (\$0.77 per unit) for the first quarter of 2015, on lower incentive income.
- **Assets under management** were \$96.9 billion, down 1% for the quarter and 3% over the last 12 months. **Management fee-generating assets under management** reached \$79.9 billion, up 1% for the quarter and 2% over the last 12 months.
- **GAAP net income** attributable to Oaktree Capital Group, LLC was \$28.1 million, as compared with \$38.3 million for the first quarter of 2015.
- **A distribution was declared** of \$0.55 per Class A unit, bringing aggregate distributions relating to the last 12 months to \$1.92.

LOS ANGELES, CA. April 28, 2016 – Oaktree Capital Group, LLC (NYSE: OAK) today reported its unaudited financial results for the first quarter ended March 31, 2016.

Jay Wintrob, Chief Executive Officer, said, “Despite significant market volatility in the first quarter, we had a good beginning to 2016, highlighted by growing management fees and a 25% increase in fee-related earnings over the same quarter a year ago. We continue to make steady progress on a number of important closed-end fundraises and are increasingly optimistic about our ability to prudently deploy our near-record amount of dry powder.”

Assets under management (“AUM”) were \$96.9 billion as of March 31, 2016, down 1% from \$97.4 billion as of December 31, 2015 and 3% from \$99.9 billion as of March 31, 2015. Management fee-generating assets under management (“management fee-generating AUM”) reached \$79.9 billion as of March 31, 2016, up 1% from \$78.9 billion as of December 31, 2015 and 2% from \$78.5 billion as of March 31, 2015.

The year-over-year growth in management fee-generating AUM stemmed largely from the commencement of investment periods by four closed-end funds. As of March 31, 2016, total uncalled capital commitments (so-called “dry powder”) were \$21.4 billion. Of this, \$12.2 billion was not yet generating management fees (so-called “shadow AUM”). Gross capital raised was \$1.7 billion for the first quarter of 2016 and \$13.4 billion for the last twelve months.

Adjusted net income (“ANI”) declined to \$105.0 million for the first quarter of 2016, from \$150.0 million for the first quarter of 2015. Distributable earnings declined to \$125.7 million for the first quarter of 2016, from \$135.2 million for the first quarter of 2015. Both declines reflected lower incentive income and, for ANI, lower investment income, partially offset by higher fee-related earnings.

In addition to ANI, Oaktree calculates economic net income (“ENI”) to facilitate comparisons with other alternative asset managers that report a measure similar to ENI as a performance metric. Unlike ANI, ENI measures incentive income based on the market values of the funds’ holdings. ENI was \$41.2 million for the first quarter of 2016, as compared to \$223.5 million for the first quarter of 2015. Per Class A unit, ENI was \$0.13 for the first quarter of 2016, as compared to \$1.24 for the first quarter of 2015.

GAAP-basis results for the first quarter of 2016 included net income attributable to Oaktree Capital Group, LLC of \$28.1 million, as compared to \$38.3 million for the first quarter of 2015.

Closed-end funds that Oaktree is currently marketing include Oaktree Real Estate Opportunities Fund VII, Oaktree Opportunities Fund Xb, Oaktree Infrastructure Fund, Oaktree European Capital Solutions Fund, Oaktree European Principal Fund IV and Oaktree Real Estate Debt Fund II.

The table below presents (a) segment revenues, distributable earnings revenues, fee-related earnings revenues and economic net income revenues, in each case for the Operating Group; (b) adjusted net income, distributable earnings, fee-related earnings and economic net income, in each case for both the Operating Group and per Class A unit; and (c) assets under management and accrued incentives (fund level) data. Please refer to the Glossary for definitions.

	As of or for the Three Months Ended March 31,	
	2016	2015
	(in thousands, except per unit data or as otherwise indicated)	
<b>Segment Results:</b> <sup>(1)</sup>		
Segment revenues .....	\$ 312,935	\$ 396,432
Adjusted net income .....	105,025	150,026
Distributable earnings revenues .....	324,339	375,731
Distributable earnings .....	125,725	135,196
Fee-related earnings revenues .....	201,270	190,095
Fee-related earnings .....	62,359	49,756
Economic net income revenues .....	170,077	509,015
Economic net income .....	41,196	223,548
<b>Per Class A Unit:</b> <sup>(1)</sup>		
Adjusted net income .....	\$ 0.49	\$ 0.81
Distributable earnings .....	0.68	0.77
Fee-related earnings .....	0.37	0.28
Economic net income .....	0.13	1.24
<b>Operating Metrics:</b>		
<i>Assets under management (in millions):</i>		
Assets under management .....	\$ 96,874	\$ 99,903
Management fee-generating assets under management .....	79,908	78,497
Incentive-creating assets under management .....	31,205	34,458
Uncalled capital commitments .....	21,400	17,196
<i>Accrued incentives (fund level):</i>		
Incentives created (fund level) .....	(46,270)	265,462
Incentives created (fund level), net of associated incentive income compensation expense .....	(16,991)	136,299
Accrued incentives (fund level) .....	1,442,359	2,061,990
Accrued incentives (fund level), net of associated incentive income compensation expense .....	747,711	1,073,445

(1) In the fourth quarter of 2015, the definition of adjusted net income was modified to reflect differences with respect to (a) third-party placement costs associated with closed-end funds, which 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, and (b) gains and losses resulting from foreign-currency transactions and hedging activities, which under GAAP are recognized as general and administrative expense whether realized or unrealized in the current period, whereas 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. Foreign-currency transaction gains and losses are included in other income (expense), net. Prior periods have not been recast for the change related to third-party placement costs, but have been recast to retroactively reflect the change related to foreign-currency hedging. Placement costs associated with closed-end funds amounted to \$1.0 million for the first quarter of 2015, and remain expensed as incurred in that period for both GAAP and ANI purposes. Please refer to the Glossary for more information.

Note: Oaktree discloses in this earnings release certain revenues and financial measures, including segment revenues, adjusted net income, adjusted net income per Class A unit, distributable earnings revenues, distributable earnings, distributable earnings per Class A unit, fee-related earnings revenues, fee-related earnings, fee-related earnings per Class A unit, economic net income revenues, economic net income and economic net income per Class A unit, that are calculated and presented on a basis other than generally accepted accounting principles in the United States (“non-GAAP”). Reconciliations of those non-GAAP financial measures to the

most directly comparable GAAP financial measures are presented at Exhibit A. All non-GAAP measures and all interim results presented in this release are unaudited.

## **Operating Metrics**

### Assets Under Management

AUM was \$96.9 billion as of March 31, 2016, \$97.4 billion as of December 31, 2015 and \$99.9 billion as of March 31, 2015. The \$0.5 billion decrease since December 31, 2015 reflected \$2.0 billion of distributions to closed-end fund investors and \$1.0 billion of net outflows from open-end funds, partially offset by \$1.0 billion in aggregate market-value gains, \$0.9 billion of aggregate capital inflows for closed-end funds and \$0.6 billion of favorable foreign-currency translation.

The \$3.0 billion decrease in AUM since March 31, 2015 reflected \$5.3 billion of distributions to closed-end fund investors, \$3.7 billion of net outflows from open-end funds, \$3.6 billion in aggregate market-value declines and a \$0.5 billion decline in uncalled capital commitments for closed-end funds entering or in liquidation, partially offset by \$9.3 billion of aggregate capital inflows for closed-end funds and \$0.7 billion of favorable foreign-currency translation. Capital inflows for closed-end funds included \$3.8 billion for Oaktree Opportunities Funds X and Xb (“Opps X and Xb”), \$2.1 billion for Oaktree Real Estate Opportunities Fund VII (“ROF VII”), \$0.9 billion for collateralized loan obligation vehicles (“CLOs”) and \$0.6 billion for Oaktree Principal Fund VI (“PF VI”). Distributions to closed-end fund investors included \$1.8 billion from Distressed Debt funds, \$1.6 billion from Control Investing funds and \$1.0 billion from Real Estate funds.

### Management Fee-generating Assets Under Management

Management fee-generating AUM, a forward-looking metric, was \$79.9 billion as of March 31, 2016, \$78.9 billion as of December 31, 2015 and \$78.5 billion as of March 31, 2015. The \$1.0 billion increase since December 31, 2015 reflected an aggregate \$0.9 billion increase from capital drawn by funds that pay fees based on drawn capital, NAV or cost basis and additional capital commitments for Opps X, as well as \$0.8 billion of aggregate market-value gains and \$0.5 billion of favorable foreign-currency translation. The increase was partially offset by \$1.0 billion of net outflows from open-end funds and a \$0.4 billion decline attributable to closed-end funds in liquidation.

The \$1.4 billion increase in management fee-generating AUM since March 31, 2015 reflected an aggregate \$6.9 billion from the investment-period commencement of Oaktree Power Opportunities Fund IV (“Power Fund IV”) and PF VI in November 2015, and of Opps X and ROF VII as of January 1, 2016, \$1.7 billion of aggregate fee-generating leverage and drawdowns by closed-end funds for which management fees are based on drawn capital, NAV or cost basis, and \$0.5 billion of favorable foreign-currency translation. These increases were partially offset by \$3.7 billion of net outflows from open-end funds, \$2.4 billion in aggregate market-value declines and \$2.3 billion attributable to closed-end funds in liquidation.

### Incentive-creating Assets Under Management

Incentive-creating assets under management (“incentive-creating AUM”) were \$31.2 billion as of March 31, 2016, \$31.9 billion as of December 31, 2015 and \$34.5 billion as of March 31, 2015. The \$0.7 billion decrease since December 31, 2015 reflected the net effect of \$0.7 billion in drawdowns by closed-end funds, \$2.0 billion in distributions from closed-end funds, \$0.3 billion in aggregate market-value gains and \$0.2 billion of favorable foreign-currency translation. The \$3.3 billion decrease since March 31, 2015 reflected the net effect of \$3.5 billion in drawdowns by closed-end funds, \$5.6 billion in distributions from closed-end funds, \$1.5 billion in aggregate market-value declines and \$0.3 billion of favorable foreign-currency translation.

Of the \$31.2 billion in incentive-creating AUM as of March 31, 2016, \$16.5 billion, or 53%, was generating incentives at the fund level, as compared with \$25.4 billion, or 74%, of the \$34.5 billion of incentive-creating AUM as of March 31, 2015.

### Accrued Incentives (Fund Level) and Incentives Created (Fund Level)

Accrued incentives (fund level) were \$1.4 billion as of March 31, 2016, \$1.6 billion as of December 31, 2015, and \$2.1 billion as of March 31, 2015. The first quarter of 2016 reflected \$46.3 million of negative incentives created (fund level) and \$96.6 million of segment incentive income recognized.

Net of incentive income compensation expense, accrued incentives (fund level) were \$747.7 million as of March 31, 2016, \$811.5 million as of December 31, 2015, and \$1.1 billion as of March 31, 2015. As of March 31, 2016, December 31, 2015 and March 31, 2015, the portion of net accrued incentives (fund level) represented by funds that were currently paying incentives was \$294.1 million, \$292.1 million and \$419.8 million, respectively, with the remainder arising from funds that as of that date were not at the stage of their cash distribution waterfall where Oaktree was entitled to receive incentives, other than possibly tax-related distributions.

### Uncalled Capital Commitments

Uncalled capital commitments were \$21.4 billion as of March 31, 2016, \$21.7 billion as of December 31, 2015, and \$17.2 billion as of March 31, 2015. Capital drawn by closed-end funds during the quarter and twelve months ended March 31, 2016 aggregated \$0.8 billion and \$5.0 billion, respectively, as compared with \$1.6 billion and \$8.3 billion for the comparable prior-year periods.

## **Segment Results**

### Revenues

Segment revenues declined \$83.5 million, or 21.1%, to \$312.9 million in the first quarter of 2016, from \$396.4 million in the first quarter of 2015, reflecting \$11.2 million in higher management fees, \$56.3 million in lower incentive income and \$38.4 million in lower investment income.

### *Management Fees*

Management fees grew \$11.2 million, or 5.9%, to \$201.3 million in the first quarter of 2016, from \$190.1 million in the first quarter of 2015. The growth reflected an aggregate increase of \$30.3 million principally from the start of investment periods for Power Fund IV, PF VI, Opps X and ROF VII. This increase was partially offset by an aggregate decline of \$19.1 million primarily attributable to closed-end funds in liquidation and net outflows and market-value declines in open-end funds.

### *Incentive Income*

Incentive income decreased \$56.3 million, or 36.8%, to \$96.6 million in the first quarter of 2016, from \$152.9 million in the first quarter of 2015. The first quarter of 2016 included tax-related incentive distributions of \$72.7 million and other incentive distributions of \$23.9 million, as compared with \$129.4 million and \$23.5 million, respectively, in the prior-year period.

### *Investment Income*

Investment income decreased \$38.4 million, or 71.8%, to \$15.1 million in the first quarter of 2016, from \$53.5 million in the first quarter of 2015. The decline reflected a \$23 million impairment charge on our investments in certain of our CLOs, predominantly stemming from holdings in energy-related companies. After giving effect to the impairment charge, as of March 31, 2016 these CLOs represented \$59.2 million of our total CLO carrying value of \$144.0 million. Our one-fifth ownership stake in DoubleLine Capital LP and its affiliates (collectively, "DoubleLine") accounted for investment income of \$15.1 million and \$14.6 million in the first quarters of 2016 and 2015, respectively, of which performance fees accounted for \$0.6 million and \$2.0 million, respectively.

## Expenses

### *Compensation and Benefits*

Compensation and benefits decreased \$4.6 million, or 4.2%, to \$104.3 million for the first quarter of 2016, from \$108.9 million for the first quarter of 2015, in part reflecting variations in annual bonus accruals.

### *Equity-based Compensation*

Equity-based compensation increased \$3.7 million, or 52.9%, to \$10.7 million for the first quarter of 2016, from \$7.0 million for the first quarter of 2015. The increase reflected non-cash amortization expense associated with vesting of Class A and OCGH unit grants made to employees and directors subsequent to our 2012 initial public offering.

### *Incentive Income Compensation*

Incentive income compensation expense decreased \$40.4 million, or 44.8%, to \$49.7 million for the first quarter of 2016, from \$90.1 million for the first quarter of 2015. The percentage decrease was larger than the corresponding decline of 36.8% in incentive income, primarily as a result of catch-up tax distributions related to incentive interests awarded to certain investment professionals.

### *General and Administrative*

General and administrative expense increased \$1.9 million, or 6.4%, to \$31.5 million for the first quarter of 2016, from \$29.6 million for the first quarter of 2015, reflecting higher general operating expenses.

### *Depreciation and Amortization*

Depreciation and amortization expense increased \$1.3 million, or 68.4%, to \$3.2 million for the first quarter of 2016, from \$1.9 million for the first quarter of 2015, in part reflecting amortization of leasehold improvements associated with office space expansion.

## Adjusted Net Income

ANI decreased \$45.0 million, or 30.0%, to \$105.0 million for the first quarter of 2016, from \$150.0 million for the first quarter of 2015, reflecting declines of \$16.0 million in incentive income, net of incentive income compensation expense ("net incentive income"), and \$38.4 million in investment income, partially offset by a \$12.6 million increase in fee-related earnings. The portion of ANI attributable to our Class A units was \$30.2 million, or \$0.49 per unit, and \$36.7 million, or \$0.81 per unit, for the first quarters of 2016 and 2015, respectively.

The effective tax rate applied to ANI for the first quarters of 2016 and 2015 was 28% and 16%, respectively, resulting from estimated full-year effective rates of 23% and 19%, respectively. The effective tax rate applied to ANI for the first quarter of 2016 was based on an estimated full-year effective tax rate on income that can be reliably forecasted, combined with tax expense in the current period on incentive income and any other income that cannot be reliably estimated. We would expect variability in tax rates between quarters and full years, because the effective tax rate is a function of the mix of income and other factors, each of which can have a material impact on the particular period's income tax expense and often vary significantly within or between years. In general, the annual effective tax rate increases as the proportion of ANI arising from fee-related earnings, DoubleLine-related investment income, and certain incentive and investment income rises, and vice versa.

## Distributable Earnings

Distributable earnings declined \$9.5 million, or 7.0%, to \$125.7 million for the first quarter of 2016, from \$135.2 million for the first quarter of 2015, reflecting decreases of \$16.0 million in net incentive income and \$6.3 million in investment income proceeds, partially offset by a \$12.6 million increase in fee-related earnings. For the first quarter of 2016, investment income proceeds totaled \$26.5 million, including \$12.9 million from fund distributions and \$13.6 million from DoubleLine, as compared with total investment income proceeds in the prior-year quarter of \$32.8 million, of which \$24.0 million and \$12.4 million was attributable to fund distributions and DoubleLine,

respectively. The portion of distributable earnings attributable to our Class A units was \$0.68 and \$0.77 per unit for the first quarters of 2016 and 2015, respectively, reflecting distributable earnings per Operating Group unit of \$0.82 and \$0.88, respectively, less costs borne by Class A unitholders for professional fees and other expenses, cash taxes attributable to the Intermediate Holding Companies and amounts payable pursuant to the tax receivable agreement.

### Fee-related Earnings

Fee-related earnings grew \$12.6 million, or 25.3%, to \$62.4 million for the first quarter of 2016, from \$49.8 million for the first quarter of 2015. The increase reflected \$11.2 million of higher management fees, \$4.6 million of lower compensation and benefits, and \$1.9 million of higher general and administrative expense. The portion of fee-related earnings attributable to our Class A units was \$0.37 and \$0.28 per unit for the first quarters of 2016 and 2015, respectively.

The effective tax rate applicable to fee-related earnings for the first quarters of 2016 and 2015 was 7% and 11%, respectively, resulting from estimated full-year effective rates of 7% and 10%, respectively. The rate used for interim fiscal periods is based on the estimated full-year effective tax rate, which is subject to change as the year progresses. In general, the annual effective tax rate increases as annual fee-related earnings increase, and vice versa.

### **GAAP-basis Results**

Net income attributable to Oaktree Capital Group, LLC was \$28.1 million for the first quarter of 2016, as compared to \$38.3 million for the first quarter of 2015.

### **Capital and Liquidity**

As of March 31, 2016, Oaktree had \$1.0 billion of cash and U.S. Treasury securities and \$846 million of outstanding debt, net of debt issuance costs. Oaktree had then, and currently has, no borrowings outstanding against its \$500 million revolving credit facility. As of March 31, 2016, Oaktree's investments in funds and companies had a carrying value of \$1.4 billion, with the 20% investment in DoubleLine carried at cost, as adjusted under the equity method of accounting. Accrued incentives (fund level), net of associated compensation expense, represented an additional \$748 million as of that date.

### **Distribution**

Oaktree Capital Group, LLC has declared a distribution attributable to the first quarter of 2016 of \$0.55 per Class A unit. This distribution will be paid on May 13, 2016 to Class A unitholders of record at the close of business on May 9, 2016.

### **Conference Call**

Oaktree will host a conference call to discuss its first quarter 2016 results today at 11:00 a.m. Eastern Time / 8:00 a.m. Pacific Time. The conference call may be accessed by dialing (888) 769-9724 (U.S. callers) or +1 (415) 228-4639 (non-U.S. callers), participant password OAKTREE. Alternatively, a live webcast of the conference call can be accessed through the Unitholders – Investor Relations section of the Oaktree website, <http://ir.oaktreecapital.com/>.

For those individuals unable to listen to the live broadcast of the conference call, a replay will be available for 30 days on Oaktree's website, or by dialing (866) 423-4835 (U.S. callers) or +1 (203) 369-0847 (non-U.S. callers), beginning approximately one hour after the broadcast.

### **About Oaktree**

Oaktree is a leader among global investment managers specializing in alternative investments, with \$97 billion in assets under management as of March 31, 2016. The firm emphasizes an opportunistic, value-oriented and risk-controlled approach to investments in distressed debt, corporate debt (including high yield debt and senior loans), control investing, convertible securities, real estate and listed equities. Headquartered in Los Angeles, the firm has

over 925 employees and offices in 18 cities worldwide. For additional information, please visit Oaktree's website at [www.oaktreecapital.com](http://www.oaktreecapital.com).

### **Investor Relations Website**

Investors and others should note that Oaktree uses the Unitholders – Investor Relations section of its corporate website to announce material information to investors and the marketplace. While not all of the information that Oaktree posts on its corporate website is of a material nature, some information could be deemed to be material. Accordingly, Oaktree encourages investors, the media, and others interested in Oaktree to review the information that it shares on its corporate website at the Unitholders – Investor Relations section of the Oaktree website, <http://ir.oaktreecapital.com/>. Information contained on, or available through, our website is not incorporated by reference into this document.

### **Contacts:**

Investor Relations:           Oaktree Capital Group, LLC  
  Andrea D. Williams  
  (213) 830-6483  
  [investorrelations@oaktreecapital.com](mailto:investorrelations@oaktreecapital.com)

Press Relations:               Sard Verbinnen & Co  
  John Christiansen  
  (415) 618-8750  
  [jchristiansen@sardverb.com](mailto:jchristiansen@sardverb.com)

Alyssa Linn  
(310) 201-2040  
[alinn@sardverb.com](mailto:alinn@sardverb.com)



## **Forward-Looking Statements**

This release contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, which reflect the current views of Oaktree Capital Group, LLC (“OCG”), with respect to, among other things, our 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 our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Such forward-looking statements are subject to risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business prospects, growth strategy and liquidity, including, but not limited to, changes in our anticipated revenue and income, which are inherently volatile; changes in the value of our investments; the pace of our raising of new funds; changes in assets under management; the timing and receipt of, and impact of taxes on, carried interest; distributions from and liquidation of our existing funds; the amount and timing of distributions on our Class A units; changes in our operating or other expenses; the degree to which we encounter competition; and general economic and market conditions. The factors listed in the item captioned “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 26, 2016, which is accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov), provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations described in our forward-looking statements.

Forward-looking statements speak only as of the date the statements are made. Except as required by law, we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

This release and its contents do not constitute and should not be construed as (a) a recommendation to buy, (b) an offer to buy or solicitation of an offer to buy, (c) an offer to sell or (d) advice in relation to, any securities of OCG or securities of any Oaktree investment fund.

## Consolidated Statements of Operations Data (GAAP basis) <sup>(1)</sup>

	Three Months Ended March 31,	
	2016	2015
(in thousands, except per unit data)		
Revenues:		
Management fees .....	\$ 198,553	\$ 50,819
Incentive income .....	55,937	—
Total revenues .....	<u>254,490</u>	<u>50,819</u>
Expenses:		
Compensation and benefits .....	(108,405)	(110,143)
Equity-based compensation .....	(13,896)	(11,706)
Incentive income compensation .....	(9,807)	(66,892)
Total compensation and benefits expense .....	<u>(132,108)</u>	<u>(188,741)</u>
General and administrative .....	(47,831)	(6,580)
Depreciation and amortization .....	(4,161)	(2,892)
Consolidated fund expenses .....	(1,084)	(37,761)
Total expenses .....	<u>(185,184)</u>	<u>(235,974)</u>
Other income (loss):		
Interest expense .....	(27,705)	(46,569)
Interest and dividend income .....	36,270	522,929
Net realized gain on consolidated funds' investments .....	3,401	474,830
Net change in unrealized appreciation (depreciation) on consolidated funds' investments.....	(20,672)	507,483
Investment income .....	29,447	12,682
Other income (expense), net .....	5,801	4,694
Total other income .....	<u>26,542</u>	<u>1,476,049</u>
Income before income taxes .....	95,848	1,290,894
Income taxes .....	(12,680)	(7,875)
Net income .....	83,168	1,283,019
Less:		
Net (income) loss attributable to non-controlling interests in consolidated funds .....	4,944	(1,136,665)
Net income attributable to non-controlling interests in consolidated subsidiaries .....	(60,034)	(108,101)
Net income attributable to Oaktree Capital Group, LLC .....	<u>\$ 28,078</u>	<u>\$ 38,253</u>
Distributions declared per Class A unit .....	<u>\$ 0.47</u>	<u>\$ 0.56</u>
Net income per unit (basic and diluted):		
Net income per Class A unit .....	<u>\$ 0.45</u>	<u>\$ 0.85</u>
Weighted average number of Class A units outstanding.....	<u>61,894</u>	<u>45,063</u>

(1) In the first quarter of 2016, Oaktree adopted the new consolidation and collateralized financing entity guidance under the modified retrospective approach. The modified retrospective approach did not require prior periods to be recast. The adoption resulted in the deconsolidation of substantially all of Oaktree's closed-end and commingled open-end and evergreen funds.

## Segment Financial Data

	As of or for the Three Months Ended March 31,	
	2016	2015
<b>Segment Statements of Operations Data:</b> <sup>(1)</sup>		
Revenues:		
Management fees .....	\$ 201,270	\$ 190,095
Incentive income .....	96,588	152,879
Investment income .....	15,077	53,458
Total revenues .....	<u>312,935</u>	<u>396,432</u>
Expenses:		
Compensation and benefits .....	(104,270)	(108,881)
Equity-based compensation .....	(10,703)	(7,023)
Incentive income compensation .....	(49,749)	(90,102)
General and administrative .....	(31,481)	(29,567)
Depreciation and amortization .....	(3,160)	(1,891)
Total expenses .....	<u>(199,363)</u>	<u>(237,464)</u>
Adjusted net income before interest and other income (expense) .....	113,572	158,968
Interest expense, net of interest income <sup>(2)</sup> .....	(8,682)	(8,933)
Other income (expense), net .....	135	(9)
Adjusted net income .....	<u>\$ 105,025</u>	<u>\$ 150,026</u>
Adjusted net income-OCG .....	\$ 30,160	\$ 36,723
Adjusted net income per Class A unit .....	0.49	0.81
Distributable earnings .....	125,725	135,196
Distributable earnings-OCG .....	41,843	34,733
Distributable earnings per Class A unit .....	0.68	0.77
Fee-related earnings .....	62,359	49,756
Fee-related earnings-OCG .....	23,059	12,733
Fee-related earnings per Class A unit .....	0.37	0.28
Economic net income .....	41,196	223,548
Economic net income-OCG .....	7,803	55,917
Economic net income per Class A unit .....	0.13	1.24
Weighted average number of Operating Group units outstanding .....	153,808	153,237
Weighted average number of Class A units outstanding .....	61,894	45,063
<b>Operating Metrics:</b>		
<i>Assets under management (in millions):</i>		
Assets under management .....	\$ 96,874	\$ 99,903
Management fee-generating assets under management .....	79,908	78,497
Incentive-creating assets under management .....	31,205	34,458
Uncalled capital commitments <sup>(3)</sup> .....	21,400	17,196
<i>Accrued incentives (fund level):</i> <sup>(4)</sup>		
Incentives created (fund level) .....	(46,270)	265,462
Incentives created (fund level), net of associated incentive income compensation expense .....	(16,991)	136,299
Accrued incentives (fund level) .....	1,442,359	2,061,990
Accrued incentives (fund level), net of associated incentive income compensation expense .....	747,711	1,073,445

(1) Our business is comprised of one segment, our investment management segment, which consists of the investment management services that we provide to our clients. The components of revenues and expenses used in determining adjusted net income 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, adjusted net income 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. In the fourth quarter of 2015, the definition of adjusted net income was modified to reflect differences with respect to (a) third-party placement costs associated with closed-end funds, which under GAAP are expensed as incurred, but for adjusted net income are capitalized and amortized as general and administrative expense in proportion to the associated management fee stream, and (b) gains and losses resulting from foreign-currency transactions and hedging activities, which under GAAP are recognized as general and administrative expense whether realized or unrealized in the current period, but for adjusted net income 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. Foreign-currency transaction gains and losses are included in other income (expense), net. Prior periods have not been recast for the change related to third-party placement costs, but have been recast to retroactively reflect the change related to foreign-currency hedging. Incentive income and incentive income compensation expense are included in adjusted net income 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 adjusted net income when cash distributions are received. Cash distributions are allocated between income and return of capital based on the effective yield method. Adjusted net income is calculated at the Operating Group level. For additional information regarding the reconciling adjustments discussed above, please see Exhibit A.

- (2) Interest income was \$1.3 million and \$1.0 million for the three months ended March 31, 2016 and 2015, respectively.
- (3) Uncalled capital commitments represent undrawn capital commitments by partners (including Oaktree as general partner) of our closed-end funds through their investment periods and certain evergreen funds. If a fund distributes capital during its investment period, that capital is typically subject to possible recall, in which case it is included in uncalled capital commitments.
- (4) Our funds record as accrued incentives the incentive income that would be paid to us if the funds were liquidated at their reported values as of the date of the financial statements. Incentives created (fund level) refers to the gross amount of potential incentives generated by the funds during the period. We refer to the amount of incentive income recognized as revenue by us as segment incentive income. Amounts recognized by us as incentive income are no longer included in accrued incentives (fund level), the term we use for remaining fund-level accruals. Incentives created (fund level), incentive income and accrued incentives (fund level) are presented gross, without deduction for direct compensation expense that is owed to our investment professionals associated with the particular fund when we earn the incentive income. We call that charge "incentive income compensation expense." Incentive income compensation expense varies by the investment strategy and vintage of the particular fund, among many factors.

## Operating Metrics

We monitor certain operating metrics that are either common to the alternative asset management industry or that we believe provide important data regarding our business. As described below, these operating metrics include AUM, management fee-generating AUM, incentive-creating AUM, incentives created (fund level), accrued incentives (fund level) and uncalled capital commitments.

### Assets Under Management

	As of		
	March 31, 2016	December 31, 2015	March 31, 2015
	(in millions)		
<b>Assets Under Management:</b>			
Closed-end funds .....	\$ 59,081	\$ 59,430	\$ 56,259
Open-end funds .....	33,008	33,202	38,340
Evergreen funds .....	4,785	4,727	5,304
Total .....	<u>\$ 96,874</u>	<u>\$ 97,359</u>	<u>\$ 99,903</u>

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2016	2015	2016	2015
	(in millions)			
<b>Change in Assets Under Management:</b>				
Beginning balance .....	\$ 97,359	\$ 90,831	\$ 99,903	\$ 86,226
Closed-end funds:				
Capital commitments/other <sup>(1)</sup> .....	866	9,440	9,294	12,529
Acquisition (Highstar) .....	—	—	—	2,349
Distributions for a realization event/other <sup>(2)</sup> .....	(2,014)	(1,937)	(5,302)	(6,941)
Change in uncalled capital commitments for funds entering or in liquidation <sup>(3)</sup> .....	—	(240)	(527)	(409)
Foreign-currency translation .....	341	(776)	411	(1,645)
Change in market value <sup>(4)</sup> .....	365	1,197	(1,354)	2,107
Change in applicable leverage .....	93	372	300	1,367
Open-end funds:				
Contributions .....	735	1,710	3,944	9,138
Redemptions .....	(1,771)	(1,429)	(7,602)	(5,265)
Foreign-currency translation .....	222	(444)	244	(980)
Change in market value <sup>(4)</sup> .....	620	1,051	(1,918)	536
Evergreen funds:				
Contributions or new capital commitments .....	66	204	211	1,383
Redemptions or distributions/other .....	(50)	(56)	(353)	(260)
Distributions from restructured funds .....	(9)	(5)	(51)	(44)
Foreign-currency translation .....	(3)	(1)	(2)	6
Change in market value <sup>(4)</sup> .....	54	(14)	(324)	(194)
Ending balance .....	<u>\$ 96,874</u>	<u>\$ 99,903</u>	<u>\$ 96,874</u>	<u>\$ 99,903</u>

- (1) These amounts represent capital commitments, as well as the aggregate par value of collateral assets and principal cash related to new CLO formations.
- (2) These amounts represent distributions for a realization event, tax-related distributions, reductions in the par value of collateral assets and principal cash resulting from the repayment of debt as return of principal by CLOs, and callable distributions at the end of the investment period.
- (3) The change in uncalled capital commitments reflects declines attributable to funds entering their liquidation periods, as well as capital contributions to funds in their liquidation periods for deferred purchase obligations or other reasons.
- (4) The change in market value reflects the change in NAV of our funds, less management fees and other fund expenses, as well as changes in the aggregate par value of collateral assets and principal cash held by CLOs.

## Management Fee-generating AUM

	As of		
	March 31, 2016	December 31, 2015	March 31, 2015
<b>Management Fee-generating Assets Under Management:</b>			
Closed-end funds:			
Senior Loans .....	\$ 7,184	\$ 6,580	\$ 6,032
Other closed-end funds .....	35,956	35,709	30,614
Open-end funds .....	32,939	33,135	38,257
Evergreen funds .....	3,829	3,473	3,594
Total .....	<u>\$ 79,908</u>	<u>\$ 78,897</u>	<u>\$ 78,497</u>

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2016	2015	2016	2015
<b>Change in Management Fee-generating Assets Under Management:</b>				
(in millions)				
Beginning balance .....	\$ 78,897	\$ 78,079	\$ 78,497	\$ 74,027
Closed-end funds:				
Capital commitments to funds that pay fees based on committed capital/other <sup>(1)</sup> .....	686	607	7,433	1,714
Acquisition (Highstar) .....	—	—	—	1,882
Capital drawn by funds that pay fees based on drawn capital, NAV or cost basis .....	201	264	1,112	1,116
Change attributable to funds in liquidation <sup>(2)</sup> .....	(381)	(861)	(2,332)	(3,266)
Change in uncalled capital commitments for funds entering or in liquidation that pay fees based on committed capital <sup>(3)</sup> .....	—	(435)	26	(604)
Distributions by funds that pay fees based on NAV/other <sup>(4)</sup> .....	(113)	(109)	(385)	(512)
Foreign-currency translation .....	229	(467)	253	(1,113)
Change in market value <sup>(5)</sup> .....	85	17	(226)	(63)
Change in applicable leverage .....	144	358	613	1,316
Open-end funds:				
Contributions .....	735	1,696	3,942	9,111
Redemptions .....	(1,772)	(1,413)	(7,602)	(5,250)
Foreign-currency translation .....	222	(444)	245	(979)
Change in market value .....	619	1,035	(1,903)	520
Evergreen funds:				
Contributions or capital drawn by funds that pay fees based on drawn capital or NAV .....	337	233	864	1,034
Redemptions or distributions .....	(28)	(41)	(309)	(241)
Change in market value .....	47	(22)	(320)	(195)
Ending balance .....	<u>\$ 79,908</u>	<u>\$ 78,497</u>	<u>\$ 79,908</u>	<u>\$ 78,497</u>

- (1) These amounts represent capital commitments to funds that pay fees based on committed capital, as well as the aggregate par value of collateral assets and principal cash related to new CLO formations.
- (2) These amounts represent the change for funds that pay fees based on the lesser of funded capital or cost basis during the liquidation period, as well as recallable distributions at the end of the investment period. For most closed-end funds, management fees are charged during the liquidation period on the lesser of (a) total funded capital or (b) the cost basis of assets remaining in the fund, with the cost basis of assets generally calculated by excluding cash balances. Thus, changes in fee basis during the liquidation period are not dependent on distributions made from the fund; rather, they are tied to the cost basis of the fund's investments, which generally declines as the fund sells assets.
- (3) The change in uncalled capital commitments reflects declines attributable to funds entering their liquidation periods, as well as capital contributions to funds in their liquidation periods for deferred purchase obligations or other reasons.

- (4) These amounts represent distributions by funds that pay fees based on NAV, as well as reductions in the par value of collateral assets and principal cash resulting from the repayment of debt as return of principal by CLOs.
- (5) The change in market value reflects certain funds that pay management fees based on NAV and leverage, as applicable, as well as changes in the aggregate par value of collateral assets and principal cash held by CLOs.

	As of		
	March 31, 2016	December 31, 2015	March 31, 2015
(in millions)			
<b>Reconciliation of Assets Under Management to Management Fee-generating Assets Under Management:</b>			
Assets under management .....	\$ 96,874	\$ 97,359	\$ 99,903
Difference between assets under management and committed capital or cost basis for applicable closed-end funds <sup>(1)</sup> .....	(1,829)	(2,958)	(5,620)
Undrawn capital commitments to funds that have not yet commenced their investment periods .....	(8,143)	(8,215)	(9,190)
Undrawn capital commitments to funds for which management fees are based on drawn capital, NAV or cost basis .....	(4,095)	(4,754)	(4,238)
Oaktree's general partner investments in management fee-generating funds .....	(1,727)	(1,357)	(1,200)
Funds that are no longer paying management fees and co-investments that pay no management fees .....	(1,172)	(1,178)	(1,158)
Management fee-generating assets under management .....	<u>\$ 79,908</u>	<u>\$ 78,897</u>	<u>\$ 78,497</u>

(1) This difference is not applicable to closed-end funds that pay management fees based on NAV or leverage.

The period-end weighted average annual management fee rates applicable to the respective management fee-generating AUM balances above are set forth below.

	As of		
	March 31, 2016	December 31, 2015	March 31, 2015
<b>Weighted Average Annual Management Fee Rates:</b>			
Closed-end funds:			
Senior Loans .....	0.50%	0.50%	0.50%
Other closed-end funds .....	1.52	1.52	1.54
Open-end funds .....	0.47	0.48	0.47
Evergreen funds .....	1.33	1.43	1.50
Overall .....	0.98	0.99	0.94

### *Incentive-creating AUM*

	As of		
	March 31, 2016	December 31, 2015	March 31, 2015
<b>Incentive-creating Assets Under Management:</b>		(in millions)	
Closed-end funds .....	\$ 29,251	\$ 30,100	\$ 32,374
Evergreen funds .....	1,954	1,823	2,084
Total .....	<u>\$ 31,205</u>	<u>\$ 31,923</u>	<u>\$ 34,458</u>

### *Accrued Incentives (Fund Level) and Incentives Created (Fund Level)*

	As of or for the Three Months Ended March 31,	
	2016	2015
<b>Accrued Incentives (Fund Level):</b>	(in thousands)	
Beginning balance .....	\$ 1,585,217	\$ 1,949,407
Incentives created (fund level):		
Closed-end funds .....	(46,845)	265,457
Evergreen funds .....	575	5
Total incentives created (fund level) .....	<u>(46,270)</u>	<u>265,462</u>
Less: segment incentive income recognized by us .....	(96,588)	(152,879)
Ending balance .....	<u>\$ 1,442,359</u>	<u>\$ 2,061,990</u>
Accrued incentives (fund level), net of associated incentive income compensation expense .....	<u>\$ 747,711</u>	<u>\$ 1,073,445</u>

### *Uncalled Capital Commitments*

Uncalled capital commitments were \$21.4 billion as of March 31, 2016, \$21.7 billion as of December 31, 2015 and \$17.2 billion as of March 31, 2015.



## Segment Results

Our business is comprised of one segment, our investment management segment, which consists of the investment management services that we provide to our clients.

### *Adjusted Net Income* <sup>(1)</sup>

Adjusted net income and adjusted net income-OCG, as well as per unit data, are set forth below:

	Three Months Ended March 31,	
	2016	2015
	(in thousands, except per unit data)	
Revenues:		
Management fees .....	\$ 201,270	\$ 190,095
Incentive income .....	96,588	152,879
Investment income .....	15,077	53,458
Total revenues .....	<u>312,935</u>	<u>396,432</u>
Expenses:		
Compensation and benefits .....	(104,270)	(108,881)
Equity-based compensation .....	(10,703)	(7,023)
Incentive income compensation .....	(49,749)	(90,102)
General and administrative .....	(31,481)	(29,567)
Depreciation and amortization .....	(3,160)	(1,891)
Total expenses .....	<u>(199,363)</u>	<u>(237,464)</u>
Adjusted net income before interest and other income (expense) .....	113,572	158,968
Interest expense, net of interest income .....	(8,682)	(8,933)
Other income (expense), net .....	135	(9)
Adjusted net income .....	105,025	150,026
Adjusted net income attributable to OCGH non-controlling interest .....	(62,762)	(105,907)
Non-Operating Group expenses .....	(264)	(334)
Adjusted net income-OCG before income taxes .....	41,999	43,785
Income taxes-OCG .....	(11,839)	(7,062)
Adjusted net income-OCG .....	<u>\$ 30,160</u>	<u>\$ 36,723</u>
Adjusted net income per Class A unit .....	<u>\$ 0.49</u>	<u>\$ 0.81</u>
Weighted average number of Class A units outstanding .....	<u>61,894</u>	<u>45,063</u>

- (1) In the fourth quarter of 2015, the definition of adjusted net income was modified to reflect differences with respect to (a) third-party placement costs associated with closed-end funds, which under GAAP are expensed as incurred, but for adjusted net income are capitalized and amortized as general and administrative expense in proportion to the associated management fee stream, and (b) gains and losses resulting from foreign-currency transactions and hedging activities, which under GAAP are recognized as general and administrative expense whether realized or unrealized in the current period, whereas for adjusted net income 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. Foreign-currency transaction gains and losses are included in other income (expense), net. Prior periods have not been recast for the change related to third-party placement costs, but have been recast to retroactively reflect the change related to foreign-currency hedging. Placement costs associated with closed-end funds amounted to \$1.0 million for the first quarter of 2015, and remain expensed as incurred in that period for both GAAP and ANI purposes.

## *Investment Income*

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Income (loss) from investments in funds:		
Oaktree funds:		
Corporate Debt .....	\$ (13,543)	\$ 11,351
Convertible Securities .....	(944)	948
Distressed Debt .....	8,891	1,936
Control Investing .....	(1,447)	17,757
Real Estate .....	3,105	5,769
Listed Equities .....	3,488	3,140
Non-Oaktree funds .....	420	2,593
Income from investments in companies .....	15,107	9,964
Total investment income .....	<u>\$ 15,077</u>	<u>\$ 53,458</u>

## ***Distributable Earnings and Distribution Calculation***

Distributable earnings and the calculation of distributions are set forth below:

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>(in thousands, except per unit data)</b>		
<b>Distributable Earnings:</b>		
Revenues:		
Management fees .....	\$ 201,270	\$ 190,095
Incentive income .....	96,588	152,879
Receipts of investment income from funds <sup>(1)</sup> .....	12,923	23,961
Receipts of investment income from companies .....	13,558	8,796
Total distributable earnings revenues .....	324,339	375,731
Expenses:		
Compensation and benefits .....	(104,270)	(108,881)
Incentive income compensation .....	(49,749)	(90,102)
General and administrative .....	(31,481)	(29,567)
Depreciation and amortization .....	(3,160)	(1,891)
Total expenses .....	(188,660)	(230,441)
Other income (expense):		
Interest expense, net of interest income .....	(8,682)	(8,933)
Operating Group income taxes .....	(1,407)	(1,152)
Other income (expense), net .....	135	(9)
Distributable earnings .....	\$ 125,725	\$ 135,196
<b>Distribution Calculation:</b>		
Operating Group distribution with respect to the period .....	\$ 108,545	\$ 118,458
Distribution per Operating Group unit .....	\$ 0.70	\$ 0.77
Adjustments per Class A unit:		
Distributable earnings-OCG income tax expense .....	(0.06)	(0.02)
Tax receivable agreement .....	(0.08)	(0.10)
Non-Operating Group expenses .....	(0.01)	(0.01)
Distribution per Class A unit <sup>(2)</sup> .....	\$ 0.55	\$ 0.64

(1) This adjustment characterizes a portion of the distributions received from funds as receipts of investment income or loss. In general, the income or loss component of a fund distribution 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. Additionally, any impairment charges on our CLO investments included in adjusted net income 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.

(2) With respect to the quarter ended March 31, 2016, the distribution was announced on April 28, 2016 and is payable on May 13, 2016.

## Units Outstanding

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
<b>Weighted Average Units:</b>		
OCGH .....	91,914	108,174
Class A .....	61,894	45,063
Total .....	<u>153,808</u>	<u>153,237</u>
<b>Units Eligible for Fiscal Period Distribution:</b>		
OCGH .....	92,445	105,469
Class A .....	62,619	48,372
Total .....	<u>155,064</u>	<u>153,841</u>

On March 31, 2016, Oaktree issued 758,417 Class A units and 622,676 OCGH units to its employees and directors as part of its year-end 2015 annual compensation review process. These issuances are subject to annual vesting over a weighted average period of approximately 4.2 years. They are reflected above in the units eligible for fiscal period distribution.

## Fee-related Earnings

Fee-related earnings and fee-related earnings-OCG, as well as per unit data, are set forth below:

	Three Months Ended March 31,	
	2016	2015
	(in thousands, except per unit data)	
Management fees:		
Closed-end funds .....	\$ 148,251	\$ 131,647
Open-end funds .....	38,413	44,441
Evergreen funds .....	14,606	14,007
Total management fees .....	<u>201,270</u>	<u>190,095</u>
Expenses:		
Compensation and benefits .....	(104,270)	(108,881)
General and administrative .....	(31,481)	(29,567)
Depreciation and amortization .....	(3,160)	(1,891)
Total expenses .....	<u>(138,911)</u>	<u>(140,339)</u>
Fee-related earnings .....	62,359	49,756
Fee-related earnings attributable to OCGH non-controlling interest .....	(37,264)	(35,124)
Non-Operating Group expenses .....	(295)	(335)
Fee-related earnings-OCG before income taxes .....	24,800	14,297
Fee-related earnings-OCG income taxes .....	(1,741)	(1,564)
Fee-related earnings-OCG .....	<u>\$ 23,059</u>	<u>\$ 12,733</u>
Fee-related earnings per Class A unit .....	<u>\$ 0.37</u>	<u>\$ 0.28</u>
Weighted average number of Class A units outstanding .....	<u>61,894</u>	<u>45,063</u>

## Segment Statements of Financial Condition

	As of		
	March 31, 2016	December 31, 2015	March 31, 2015
	(in thousands)		
<b>Assets:</b>			
Cash and cash-equivalents .....	\$ 342,079	\$ 476,046	\$ 434,232
U.S. Treasury securities .....	618,899	661,116	570,749
Corporate investments .....	1,352,362	1,434,109	1,503,621
Deferred tax assets .....	425,904	425,798	430,873
Receivables and other assets .....	397,416	257,013	309,375
Total assets .....	<u>\$ 3,136,660</u>	<u>\$ 3,254,082</u>	<u>\$ 3,248,850</u>
<b>Liabilities and Capital:</b>			
Liabilities:			
Accounts payable and accrued expenses .....	\$ 253,305	\$ 368,980	\$ 252,006
Due to affiliates .....	356,851	356,851	371,988
Debt obligations <sup>(1)</sup> .....	845,736	846,354	845,776
Total liabilities .....	<u>1,455,892</u>	<u>1,572,185</u>	<u>1,469,770</u>
Capital:			
OCGH non-controlling interest in consolidated subsidiaries.....	945,519	944,882	1,159,339
Unitholders' capital attributable to Oaktree Capital Group, LLC.....	735,249	737,015	619,741
Total capital .....	<u>1,680,768</u>	<u>1,681,897</u>	<u>1,779,080</u>
Total liabilities and capital .....	<u>\$ 3,136,660</u>	<u>\$ 3,254,082</u>	<u>\$ 3,248,850</u>

- (1) In the first quarter of 2016, Oaktree adopted accounting guidance that requires debt issuance costs, which were previously included in receivables and other assets, to be netted with the associated outstanding borrowings. The guidance requires prior periods to be recast for this change.

## Corporate Investments

	As of		
	March 31, 2016	December 31, 2015	March 31, 2015
	(in thousands)		
Investments in funds:			
Oaktree funds:			
Corporate Debt .....	\$ 381,456	\$ 432,228	\$ 426,543
Convertible Securities .....	1,579	18,497	19,647
Distressed Debt .....	379,507	379,676	429,173
Control Investing .....	258,753	267,692	262,492
Real Estate .....	127,731	135,922	145,330
Listed Equities .....	111,185	105,631	148,383
Non-Oaktree funds .....	66,321	65,901	49,706
Investments in companies .....	25,830	28,562	22,347
Total corporate investments .....	<u>\$ 1,352,362</u>	<u>\$ 1,434,109</u>	<u>\$ 1,503,621</u>

## Fund Data

Information regarding our closed-end, open-end and evergreen funds, together with benchmark data where applicable, is set forth below. For our closed-end and evergreen funds, no benchmarks are presented in the tables as there are no known comparable benchmarks for these funds' investment philosophy, strategy and implementation.

### Closed-end Funds

		As of March 31, 2016												
Investment Period		Total Committed Capital	Drawn Capital <sup>(1)</sup>	Fund Net Income Since Inception	Distributions Since Inception	Net Asset Value	Management Fee-generating AUM	Oaktree Segment Incentive Income Recognized	Accrued Incentives (Fund Level) <sup>(2)</sup>	Unreturned Drawn Capital Plus Accrued Preferred Return <sup>(3)</sup>	IRR Since Inception <sup>(4)</sup>		Multiple of Drawn Capital <sup>(5)</sup>	
Start Date	End Date										Gross	Net		
(in millions)														
<b>Distressed Debt</b>														
Oaktree Opportunities Fund Xb .....	TBD	—	\$ 7,743	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	n/a	n/a	n/a
Oaktree Opportunities Fund X <sup>(6)</sup> .....	Jan. 2016	Jan. 2019	3,205	481	37	1	517	3,125	—	7	502	nm	nm	1.1x
Oaktree Opportunities Fund IX .....	Jan. 2014	Jan. 2017	5,066	5,066	(218)	4	4,844	4,966	—	—	5,873	0.9%	(2.4)%	1.0
Oaktree Opportunities Fund VIIIb .....	Aug. 2011	Aug. 2014	2,692	2,692	454	1,133	2,013	2,190	52	—	2,422	7.4	4.1	1.3
Special Account B .....	Nov. 2009	Nov. 2012	1,031	1,099	440	1,062	477	464	15	—	483	12.4	9.8	1.5
Oaktree Opportunities Fund VIII .....	Oct. 2009	Oct. 2012	4,507	4,507	1,816	4,327	1,996	2,040	144	94	1,852	11.7	8.3	1.5
Special Account A .....	Nov. 2008	Oct. 2012	253	253	276	463	66	75	42	13	—	27.8	22.4	2.1
OCM Opportunities Fund VIIb .....	May 2008	May 2011	10,940	9,844	8,726	17,329	1,241	1,378	1,453	243	—	22.0	16.7	2.0
OCM Opportunities Fund VII .....	Mar. 2007	Mar. 2010	3,598	3,598	1,454	4,597	455	769	81	—	572	10.3	7.6	1.5
OCM Opportunities Fund VI .....	Jul. 2005	Jul. 2008	1,773	1,773	1,301	2,833	241	391	134	120	—	12.0	8.8	1.8
OCM Opportunities Fund V .....	Jun. 2004	Jun. 2007	1,179	1,179	965	2,097	47	—	179	10	—	18.5	14.2	1.9
Legacy funds <sup>(7)</sup> .....	Various	Various	9,543	9,543	8,205	17,695	53	—	1,113	11	—	24.2	19.3	1.9
											22.1%	16.3 %		
<b>Real Estate Opportunities</b>														
Oaktree Real Estate Opportunities Fund VII <sup>(8)</sup> .....	Jan. 2016	Jan. 2020	\$ 2,104	\$ —	\$ (5)	\$ 3	\$ (8)	\$ 1,542	\$ —	\$ —	\$ —	n/a	n/a	n/a
Oaktree Real Estate Opportunities Fund VI .....	Aug. 2012	Aug. 2016	2,677	2,677	1,022	513	3,186	2,610	10	187	2,637	20.7%	14.0 %	1.4x
Oaktree Real Estate Opportunities Fund V .....	Mar. 2011	Mar. 2015	1,283	1,283	888	1,202	969	538	56	113	528	18.2	13.3	1.8
Special Account D .....	Nov. 2009	Nov. 2012	256	264	163	285	142	88	3	13	96	14.3	12.2	1.7
Oaktree Real Estate Opportunities Fund IV .....	Dec. 2007	Dec. 2011	450	450	385	647	188	127	23	49	25	16.2	11.1	2.0
OCM Real Estate Opportunities Fund III .....	Sep. 2002	Sep. 2005	707	707	620	1,290	37	—	115	7	—	15.3	11.3	2.0
Legacy funds <sup>(7)</sup> .....	Various	Various	1,634	1,610	1,399	3,009	—	—	112	—	—	15.2	12.0	1.9
											15.7%	12.2 %		
<b>Real Estate Debt</b>														
Oaktree Real Estate Debt Fund <sup>(9)</sup> .....	Sep. 2013	Sep. 2016	\$ 1,112	\$ 415	\$ 48	\$ 276	\$ 187	\$ 404	\$ —	\$ 7	\$ 155	21.5%	15.1 %	1.2x
Oaktree PPIP Fund <sup>(10)</sup> .....	Dec. 2009	Dec. 2012	2,322	1,113	457	1,570	—	—	47	—	—	28.2	n/a	1.4
<b>European Principal Investments<sup>(11)</sup></b>														
Oaktree European Principal Fund III .....	Nov. 2011	Nov. 2016	€ 3,164	€ 2,750	€ 1,373	€ 285	€ 3,838	€ 3,240	€ —	€ 267	€ 3,031	22.1%	14.5 %	1.6x
OCM European Principal Opportunities Fund II .....	Dec. 2007	Dec. 2012	€ 1,759	€ 1,731	€ 495	€ 1,476	€ 750	€ 1,079	€ 29	€ —	€ 1,008	9.6	5.6	1.4
OCM European Principal Opportunities Fund .....	Mar. 2006	Mar. 2009	\$ 495	\$ 473	\$ 458	\$ 846	\$ 85	\$ —	\$ 48	\$ 39	\$ —	11.8	9.0	2.1
											14.0%	9.3 %		
<b>European Private Debt</b>														
Oaktree European Capital Solutions Fund <sup>(6)</sup> .....	Dec. 2015	Dec. 2018	€ 140	€ 11	€ (1)	€ —	€ 10	€ 28	€ —	€ —	€ 11	nm	nm	n/a
Oaktree European Dislocation Fund <sup>(9)</sup> .....	Oct. 2013	Oct. 2016	€ 294	€ 172	€ 25	€ 139	€ 58	€ 168	€ —	€ 4	€ 43	22.6%	16.1 %	1.2x
Special Account E .....	Oct. 2013	Apr. 2015	€ 379	€ 261	€ 44	€ 167	€ 138	€ 158	€ —	€ 7	€ 122	14.0	10.7	1.2
											16.3%	12.0 %		

As of March 31, 2016

	Investment Period		Total Committed Capital	Drawn Capital <sup>(1)</sup>	Fund Net Income Since Inception	Distributions Since Inception	Net Asset Value	Management Fee-generating AUM	Oaktree Segment Incentive Income Recognized	Accrued Incentives (Fund Level) <sup>(2)</sup>	Unreturned Drawn Capital Plus Accrued Preferred Return <sup>(3)</sup>	IRR Since Inception <sup>(4)</sup>		Multiple of Drawn Capital <sup>(5)</sup>
	Start Date	End Date										Gross	Net	
(in millions)														
<b>Global Principal Investments</b>														
Oaktree Principal Fund VI <sup>(6)</sup>	Nov. 2015	Nov. 2018	\$ 1,223	\$ 177	\$ 24	\$ 31	\$ 170	\$ 1,167	\$ —	\$ 5	\$ 153	nm	nm	1.2x
Oaktree Principal Fund V	Feb. 2009	Feb. 2015	2,827	2,586	387	1,277	1,696	1,839	50	—	2,222	8.1%	3.3%	1.3
Special Account C	Dec. 2008	Feb. 2014	505	460	185	352	293	354	21	—	292	11.4	8.0	1.5
OCM Principal Opportunities Fund IV	Oct. 2006	Oct. 2011	3,328	3,328	2,028	3,701	1,655	1,037	22	96	1,536	10.7	8.1	1.7
OCM Principal Opportunities Fund III	Nov. 2003	Nov. 2008	1,400	1,400	879	2,166	113	—	149	22	—	13.8	9.5	1.8
Legacy funds <sup>(7)</sup>	Various	Various	2,301	2,301	1,839	4,138	2	—	236	—	—	14.5	11.6	1.8
												12.7%	9.2%	
<b>Power Opportunities</b>														
Oaktree Power Opportunities Fund IV <sup>(6)</sup>	Nov. 2015	Nov. 2020	\$ 1,106	\$ 75	\$ (6)	\$ —	\$ 69	\$ 1,078	\$ —	\$ —	\$ 76	nm	nm	1.0x
Oaktree Power Opportunities Fund III	Apr. 2010	Apr. 2015	1,062	685	346	570	461	397	14	52	274	23.5%	14.0%	1.6
OCM/GFI Power Opportunities Fund II	Nov. 2004	Nov. 2009	1,021	541	1,450	1,982	9	—	100	1	—	76.1	58.8	3.9
OCM/GFI Power Opportunities Fund	Nov. 1999	Nov. 2004	449	383	251	634	—	—	23	—	—	20.1	13.1	1.8
												34.8%	26.6%	
<b>Infrastructure Investing</b>														
Highstar Capital IV <sup>(12)</sup>	Nov. 2010	Nov. 2016	\$ 2,484	\$ 1,977	\$ 499	\$ 409	\$ 2,067	\$ 1,882	\$ —	\$ 7	\$ 1,568	18.0%	9.8%	1.4x
<b>Mezzanine Finance</b>														
Oaktree Mezzanine Fund IV <sup>(6)(9)</sup>	Oct. 2014	Oct. 2019	\$ 852	\$ 186	\$ 11	\$ 9	\$ 188	\$ 182	\$ —	\$ —	\$ 189	nm	nm	1.1x
Oaktree Mezzanine Fund III <sup>(13)</sup>	Dec. 2009	Dec. 2014	1,592	1,423	356	1,318	461	431	10	16	443	15.1%	10.3% / 8.1%	1.3
OCM Mezzanine Fund II	Jun. 2005	Jun. 2010	1,251	1,107	530	1,489	148	164	—	—	160	11.4	7.9	1.6
OCM Mezzanine Fund <sup>(14)</sup>	Oct. 2001	Oct. 2006	808	773	302	1,073	2	—	38	—	—	15.4	10.8 / 10.5	1.5
												13.2%	8.9%	
<b>Emerging Markets Opportunities</b>														
Oaktree Emerging Market Opportunities Fund	Sep. 2013	Sep. 2016	\$ 384	\$ 220	\$ 8	\$ —	\$ 228	\$ 364	\$ —	\$ —	\$ 245	6.2%	2.4%	1.1x
Special Account F	Jan. 2014	Jan. 2017	253	142	6	—	148	146	—	—	159	5.1	2.9	1.1
				72,403 <sup>(11)</sup>				35,073 <sup>(11)</sup>		1,429 <sup>(11)</sup>		5.8%	2.6%	
			Other <sup>(15)</sup>	12,107				8,080		9				
			Total <sup>(16)</sup>	\$ 84,510 <sup>(17)</sup>				\$ 43,153		\$ 1,438				

(1) Drawn capital reflects the capital contributions of investors in the fund, net of any distributions to such investors of uninvested capital.

(2) Accrued incentives (fund level) exclude Oaktree segment incentive income previously recognized.

(3) Unreturned drawn capital plus accrued preferred return reflects the amount the fund needs to distribute to its investors as a return of capital and a preferred return (as applicable) before Oaktree is entitled to receive incentive income (other than tax distributions) from the fund.

(4) The internal rate of return ("IRR") is the annualized implied discount rate calculated from a series of cash flows. It is the return that equates the present value of all capital invested in an investment to the present value of all returns of capital, or the discount rate that will provide a net present value of all cash flows equal to zero. Fund-level IRRs are calculated based upon the actual timing of cash contributions/distributions to investors and the residual value of such investor's capital accounts at the end of the applicable period being measured. Gross IRRs reflect returns before allocation of management fees, expenses and any incentive allocation to the fund's general partner. To the extent material, gross returns include certain transaction, advisory, directors or other ancillary fees ("fee income") paid directly to us in connection with our funds' activities (we credit all such fee income back to the respective fund(s) so that our funds' investors share pro rata in the fee income's economic benefit). Net IRRs reflect returns to non-affiliated investors after allocation of management fees, expenses and any incentive allocation to the fund's general partner.

(5) Multiple of drawn capital is calculated as drawn capital plus gross income and, if applicable, fee income before fees and expenses divided by drawn capital.

(6) The IRR is not considered meaningful ("nm") as the period from the initial capital contribution through March 31, 2016 was less than 18 months.

(7) Legacy funds represent certain predecessor funds within the relevant strategy that have substantially or completely liquidated their assets, including funds managed by certain Oaktree investment professionals while employed at the Trust Company of the West prior to Oaktree's founding in 1995. When these employees joined Oaktree upon, or shortly after, its founding, they continued to manage the fund through the end of its term pursuant to a sub-advisory relationship between the Trust Company of the West and Oaktree.

(8) A portion of this fund pays management fees based on drawn, rather than committed, capital.

(9) Management fees during the investment period are calculated on drawn, rather than committed, capital. As a result, as of March 31, 2016 management fee-generating AUM included only that portion of committed capital that had been drawn.

(10) Due to differences in the allocation of income and expenses to this fund's two primary limited partners, the U.S. Treasury and Oaktree PPIP Private Fund, a combined net IRR is not presented. Of the \$2,322 million in capital commitments, \$1,161 million related to the Oaktree PPIP Private Fund, whose gross and net IRR were 24.7% and 18.6%, respectively.

(11) Aggregate IRRs or totals are based on the conversion of cash flows or amounts, respectively, from euros to USD using the March 31, 2016 spot rate of \$1.14.

(12) The fund includes co-investments of \$482 million in AUM, most of which do not pay management fees or an incentive allocation. These co-investments have been excluded from the calculation of gross and net IRR, as well as the unreturned drawn capital plus accrued preferred return amount and multiple of drawn capital. The fund follows the American-style distribution waterfall, whereby the general partner may receive an incentive allocation as soon as it has returned the drawn capital and paid a preferred return on the fund's realized investments (i.e., on a deal-by-deal basis). However, such cash distributions of incentives may be subject to repayment, or clawback. As of March 31, 2016, Oaktree had not recognized any incentive income from this fund. The accrued incentives (fund level) amount shown for this fund represents Oaktree's effective 8% of the potential incentives generated by this fund in accordance with the terms of the Highstar acquisition.

- (13) The fund's partnership interests are divided into Class A and Class B interests, with the Class A interests having priority with respect to the distribution of current income and disposition proceeds. The net IRR for Class A interests was 10.3% and Class B interests was 8.1%. The combined net IRR for Class A and Class B interests was 9.5%.
- (14) The fund's partnership interests are divided into Class A and Class B interests, with the Class A interests having priority with respect to the distribution of current income and disposition proceeds. The net IRR for Class A interests was 10.8% and Class B interests was 10.5%. The combined net IRR for the Class A and Class B interests was 10.6%.
- (15) This includes our closed-end Senior Loan funds, Oaktree Asia Special Situations Fund, OCM Asia Principal Opportunities Fund, CLOs, a non-Oaktree fund, certain separate accounts, co-investments and certain evergreen separate accounts in our Real Estate Debt, Emerging Markets Opportunities and Emerging Markets Total Return strategies.
- (16) This excludes two closed-end funds with management fee-generating AUM aggregating \$534 million as of March 31, 2016, which has been included as part of the Strategic Credit strategy within the evergreen funds table, and includes certain evergreen separate accounts in our Real Estate Debt, Emerging Markets Opportunities and Emerging Markets Total Return strategies with an aggregate \$547 million of management fee-generating AUM.
- (17) The aggregate change in drawn capital for the three months ended March 31, 2016 was \$0.8 billion.



## Open-end Funds

Strategy Inception	Management Fee-generating AUM as of March 31, 2016 (in millions)	Twelve Months Ended March 31, 2016			Since Inception through March 31, 2016					
		Rates of Return <sup>(1)</sup>			Annualized Rates of Return <sup>(1)</sup>			Sharpe Ratio		
		Oaktree		Relevant Benchmark	Oaktree		Relevant Benchmark	Oaktree Gross	Relevant Benchmark	
		Gross	Net		Gross	Net				
U.S. High Yield Bonds.....	Jan. 1986	\$ 15,029	(2.9)%	(3.4)%	(4.6)%	9.2%	8.7%	8.2%	0.77	0.52
Global High Yield Bonds.....	Nov. 2010	4,189	(2.4)	(2.9)	(3.3)	6.4	5.9	5.5	0.93	0.83
European High Yield Bonds..	May 1999	1,309	2.4	1.9	1.5	8.0	7.5	6.1	0.67	0.40
U.S. Convertibles.....	Apr. 1987	3,539	(9.7)	(10.1)	(7.3)	9.2	8.7	7.9	0.46	0.33
Non-U.S. Convertibles.....	Oct. 1994	1,709	(2.3)	(2.8)	(2.2)	8.4	7.9	5.7	0.76	0.39
High Income Convertibles.....	Aug. 1989	761	0.0	(0.7)	(4.7)	11.2	10.4	7.9	1.01	0.55
U.S. Senior Loans.....	Sept. 2008	1,607	(3.5)	(4.0)	(1.1)	5.6	5.1	4.8	0.96	0.56
European Senior Loans.....	May 2009	1,643	2.9	2.4	1.7	8.6	8.1	9.3	1.67	1.67
Emerging Markets Equities....	Jul. 2011	3,153	(15.6)	(16.3)	(12.0)	(4.0)	(4.8)	(4.1)	(0.20)	(0.22)
Total		<u>\$ 32,939</u>								

(1) Returns represent time-weighted rates of return, including reinvestment of income, net of commissions and transaction costs. The returns for Relevant Benchmarks are presented on a gross basis.

## Evergreen Funds

Strategy Inception	AUM	As of March 31, 2016			Twelve Months Ended March 31, 2016		Since Inception through March 31, 2016	
		Management Fee-generating AUM (in millions)	Accrued Incentives (Fund Level)	Rates of Return <sup>(1)</sup>		Annualized Rates of Return <sup>(1)</sup>		
				Gross	Net	Gross	Net	
Strategic Credit <sup>(2)</sup> .....	Jul. 2012	\$ 2,975	\$ 2,247	\$ n/a	(5.5)%	(6.1)%	6.2%	4.2%
Value Opportunities.....	Sept. 2007	1,265	1,210	— <sup>(3)</sup>	(13.9)	(15.8)	8.1	4.0
Value Equities <sup>(4)</sup> .....	May 2012	299	234	— <sup>(3)</sup>	(14.4)	(15.7)	15.0	9.6
Emerging Markets Absolute Return.....	Apr. 1997	145	125	— <sup>(3)</sup>	(0.2)	(1.7)	13.2	8.9
			3,816	—				
	Restructured funds		—	4				
	Total <sup>(2) (5)</sup>		<u>\$ 3,816</u>	<u>\$ 4</u>				

(1) Returns represent time-weighted rates of return.

(2) Includes two closed-end funds with an aggregate \$738 million and \$534 million of AUM and management fee-generating AUM, respectively.

(3) As of March 31, 2016, the aggregate depreciation below high-water marks previously established for individual investors in the fund totaled approximately \$272 million for Value Opportunities, \$28 million for Value Equities and \$7 million for Emerging Markets Absolute Return.

(4) Includes performance results of a proprietary fund with an initial capital commitment of \$25 million since its inception on May 1, 2012.

(5) Total excludes certain evergreen separate accounts in our Real Estate Debt, Emerging Markets Opportunities and Emerging Markets Total Return strategies with an aggregate \$547 million of management fee-generating AUM as of March 31, 2016.

## GLOSSARY

**Accrued incentives (fund level)** represents the incentive income that would be paid to us if the funds were liquidated at their reported values as of the date of the financial statements. Incentives created (fund level) refers to the gross amount of potential incentives generated by the funds during the period. We refer to the amount of incentive income recognized as revenue by us as segment incentive income. Amounts recognized by us as incentive income are no longer included in accrued incentives (fund level), the term we use for remaining fund-level accruals.

**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. In the fourth quarter of 2015, the definition of ANI was modified to reflect differences with respect to (a) third-party placement costs associated with closed-end funds, which 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, and (b) gains and losses resulting from foreign-currency transactions and hedging activities, which 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. Foreign-currency transaction gains and losses are included in other income (expense), net. Prior periods have not been recast for the change related to third-party placement costs, but have been recast to retroactively reflect the change related to foreign-currency hedging. 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.

**Adjusted net income–OCG, or adjusted net income per Class A unit**, a non-GAAP measure, is calculated to provide Class A unitholders with a measure that shows the portion of ANI attributable to their ownership. Adjusted net income-OCG represents ANI including the effect of (a) the OCGH non-controlling interest, (b) other income or expenses, such as income tax expense, applicable to OCG or its Intermediate Holding Companies and (c) any Operating Group income taxes attributable to OCG. Two of our Intermediate Holding Companies incur federal and state income taxes for their shares of Operating Group income. Generally, those two corporate entities hold an interest in the Operating Group's management fee-generating assets and a small portion of its incentive and investment income-generating assets. As a result, historically our fee-related earnings and investment income arising from our one-fifth ownership stake in DoubleLine generally have been subject to corporate-level taxation, and most of our incentive income and investment income generally has not been subject to corporate-level taxation. Thus, the blended effective income tax rate has generally tended to be higher to the extent that fee-related earnings and DoubleLine-related investment income represented a larger proportion of our ANI. Myriad other factors affect income tax expense and the effective income tax rate, and there can be no assurance that this historical relationship will continue going forward.

**Assets under management** (“AUM”) generally refers to the assets we manage and equals the NAV of the assets we manage, the fund-level leverage on which management fees are charged, the undrawn capital that we are entitled to

call from investors in our funds pursuant to their capital commitments and the aggregate par value of collateral assets and principal cash held by our CLOs. Our AUM includes amounts for which we charge no management fees.

- **Management fee-generating assets under management** (“*management fee-generating AUM*”) is a forward-looking metric and reflects the beginning AUM on which we will earn management fees in the following quarter. Our closed-end funds typically pay management fees based on committed capital or drawn capital during the investment period, without regard to changes in NAV, and during the liquidation period on the lesser of (a) total funded capital or (b) the cost basis of assets remaining in the fund. The annual management fee rate remains unchanged from the investment period through the liquidation period. Our open-end and evergreen funds typically pay management fees based on their NAV, and our CLOs pay management fees based on the aggregate par value of collateral assets and principal cash held by them, as defined in the applicable CLO indentures. As compared with AUM, management fee-generating AUM generally excludes the following:
  - Differences between AUM and either committed capital or cost basis for most closed-end funds, other than for closed-end funds that pay management fees based on NAV and leverage, as applicable;
  - Undrawn capital commitments to closed-end funds that have not yet commenced their investment periods;
  - Undrawn capital commitments to funds for which management fees are based on drawn capital or NAV;
  - The investments we make in our funds as general partner;
  - Closed-end funds that are beyond the term during which they pay management fees and co-investments that pay no management fees; and
  - AUM in restructured and liquidating evergreen funds for which management fees were waived.
- **Incentive-creating assets under management** (“*incentive-creating AUM*”) refers to the AUM that may eventually produce incentive income. It represents the NAV of our funds for which we are entitled to receive an incentive allocation, excluding CLOs and investments made by us and our employees and directors (which are not subject to an incentive allocation). All funds for which we are entitled to receive an incentive allocation are included in incentive-creating AUM, regardless of whether or not they are currently generating incentives. Incentive-creating AUM does not include undrawn capital commitments.

**Consolidated funds** refers to the funds and CLOs that Oaktree is required to consolidate as of the respective reporting date.

**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 related to unit grants made after our initial public offering.

**Distributable earnings–OCG, or distributable earnings per Class A unit**, a non-GAAP measure, is calculated to provide Class A unitholders with a measure that shows the portion of distributable earnings attributable to their ownership. Distributable earnings-OCG represents distributable earnings, including the effect of (a) the OCGH

non-controlling interest, (b) expenses, such as current income tax expense, applicable to OCG or its Intermediate Holding Companies and (c) amounts payable under a tax receivable agreement. The income tax expense included in distributable earnings-OCG represents the implied current provision for income taxes calculated using an approach similar to that which is used in calculating the income tax provision for adjusted net income-OCG.

**Economic net income** (“ENI”) is a non-GAAP 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.

Economic net income revenues is a non-GAAP measure applying the Method 2, instead of the Method 1, approach to accounting for segment incentive income, and reflects the adjustments described above and under the definition of ANI.

**Economic net income—OCG, or economic net income per Class A unit**, a non-GAAP measure, is calculated to provide Class A unitholders with a measure that shows the portion of ENI attributable to their ownership. Economic net income-OCG represents ENI, including the effect of (a) the OCGH non-controlling interest, (b) other income or expenses, such as income tax expense, applicable to OCG or its Intermediate Holding Companies and (c) any Operating Group income taxes attributable to OCG. The income tax expense included in economic net income-OCG represents the implied provision for income taxes calculated using an approach similar to that which is used in calculating the income tax provision for adjusted net income-OCG.

**Equity value units** (“EVUs”) represent special limited partnership units in Oaktree Capital Group Holdings, L.P. (“OCGH”) that entitle the holder the right to receive a one-time special distribution that will be settled in OCGH units, based on value created during a specified period (“Term”) in excess of a fixed “Base Value.” The value created will be measured on a per unit basis, based on Class A unit trading prices and certain components of quarterly distributions with respect to the period during the Term. EVUs also give the holder the right, subject to service vesting and Oaktree performance relative to the accreting Base Value, to receive certain quarterly distributions from OCGH. EVUs do not entitle the holder to any voting rights.

**Fee-related earnings** (“FRE”) is a non-GAAP 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 related to unit grants made after our initial public offering. 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.

**Fee-related earnings—OCG, or fee-related earnings per Class A unit**, is a non-GAAP measure calculated to provide Class A unitholders with a measure that shows the portion of FRE attributable to their ownership. Fee-related earnings—OCG represents FRE including the effect of (a) the OCGH non-controlling interest, (b) other income or expenses, such as income tax expense, applicable to OCG or its Intermediate Holding Companies and (c) any Operating Group income taxes attributable to OCG. Fee-related earnings—OCG income taxes is calculated excluding any segment incentive income or investment income (loss).

**Intermediate Holding Companies** collectively refers to the subsidiaries wholly owned by us.

**Net asset value** (“NAV”) refers to the value of all the assets of a fund (including cash and accrued interest and dividends) less all liabilities of the fund (including accrued expenses and any reserves established by us, in our discretion, for contingent liabilities) without reduction for accrued incentives (fund level) because they are reflected in the partners’ capital of the fund.

**Oaktree, OCG, we, us, our or the Company** refers to Oaktree Capital Group, LLC and, where applicable, its subsidiaries and affiliates.

**Oaktree Operating Group** (“Operating Group”) refers collectively to the entities in which we have a minority economic interest and indirect control that either (i) act as or control the general partners and investment advisers of our funds or (ii) hold interests in other entities or investments generating income for us.

**Relevant Benchmark** refers, with respect to:

- our U.S. High Yield Bond strategy, to the Citigroup U.S. High Yield Cash-Pay Capped Index;
- our Global High Yield Bond strategy, to an Oaktree custom global high yield index that represents 60% BofA Merrill Lynch High Yield Master II Constrained Index and 40% BofA Merrill Lynch Global Non-Financial High Yield European Issuers 3% Constrained, ex-Russia Index – USD Hedged from inception through December 31, 2012, and the BofA Merrill Lynch Non-Financial Developed Markets High Yield Constrained Index – USD Hedged thereafter;
- our European High Yield Bond strategy, to the BofA Merrill Lynch Global Non-Financial High Yield European Issuers excluding Russia 3% Constrained Index (USD Hedged);
- our U.S. Senior Loan strategy (with the exception of the closed-end funds), to the Credit Suisse Leveraged Loan Index;
- our European Senior Loan strategy, to the Credit Suisse Western European Leveraged Loan Index (EUR Hedged);
- our U.S. Convertible Securities strategy, to an Oaktree custom convertible index that represents the Credit Suisse Convertible Securities Index from inception through December 31, 1999, the Goldman Sachs/ Bloomberg Convertible 100 Index from January 1, 2000 through June 30, 2004, and the BofA Merrill Lynch All U.S. Convertibles Index thereafter;
- our non-U.S. Convertible Securities strategy, to an Oaktree custom non-U.S. convertible index that represents the JACI Global ex-U.S. (Local) Index from inception through December 31, 2014 and the Thomson Reuters Global Focus ex-U.S. (USD hedged) Index thereafter;
- our High Income Convertible Securities strategy, to the Citigroup U.S. High Yield Market Index; and
- our Emerging Markets Equities strategy, to the Morgan Stanley Capital International Emerging Markets Index (Net).

**Sharpe Ratio** refers to a metric used to calculate risk-adjusted return. The Sharpe Ratio is the ratio of excess return to volatility, with excess return defined as the return above that of a riskless asset (based on the three-month U.S. Treasury bill, or for our European senior loan strategy, the Euro Overnight Index Average) divided by the standard deviation of such return. A higher Sharpe Ratio indicates a return that is higher than would be expected for the level of risk compared to the risk-free rate.

## EXHIBIT A

### Use of Non-GAAP Financial Information

Oaktree discloses certain non-GAAP financial measures in this earnings release. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are presented below. Management makes operating decisions and assesses the performance of Oaktree's business based on these non-GAAP financial measures. These non-GAAP financial measures should be considered in addition to and not as a substitute for, or superior to, financial measures presented in accordance with GAAP.

### Reconciliation of Segment Results to GAAP Net Income

The following table reconciles fee-related earnings and adjusted net income to net income attributable to Oaktree Capital Group, LLC.

	<u>Three Months Ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
	(in thousands)	
Fee-related earnings <sup>(1)</sup> .....	\$ 62,359	\$ 49,756
Incentive income .....	96,588	152,879
Incentive income compensation .....	(49,749)	(90,102)
Investment income .....	15,077	53,458
Equity-based compensation <sup>(2)</sup> .....	(10,703)	(7,023)
Interest expense, net of interest income .....	(8,682)	(8,933)
Other income (expense), net .....	135	(9)
Adjusted net income .....	<u>105,025</u>	<u>150,026</u>
Incentive income <sup>(3)</sup> .....	(39,942)	(17,378)
Incentive income compensation <sup>(3)</sup> .....	39,942	23,210
Investment income <sup>(4)</sup> .....	10,429	—
Equity-based compensation <sup>(5)</sup> .....	(3,192)	(4,683)
Placement costs <sup>(6)</sup> .....	(6,704)	—
Foreign-currency hedging <sup>(7)</sup> .....	(5,866)	5,312
Acquisition-related items <sup>(8)</sup> .....	(391)	(1,807)
Income taxes <sup>(9)</sup> .....	(12,680)	(7,875)
Non-Operating Group expenses <sup>(10)</sup> .....	(264)	(334)
Non-controlling interests <sup>(10)</sup> .....	(58,279)	(108,218)
Net income attributable to Oaktree Capital Group, LLC .....	<u>\$ 28,078</u>	<u>\$ 38,253</u>

- (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 or make equity distributions.
- (3) 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.
- (4) 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 amortized cost, subject to impairment between adjusted net income and net income attributable to OCG.
- (5) 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 and fee-related earnings because it is a non-cash charge that does not affect our financial position, and (b) differences arising from EVUs that are classified as liability awards under GAAP but as equity awards for segment reporting.
- (6) 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 and net income attributable to OCG.

- (7) This adjustment 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.
- (8) This adjustment adds back the effect of acquisition-related items associated with the amortization of intangibles and changes in the contingent consideration liability.
- (9) Because adjusted net income and fee-related earnings are pre-tax measures, this adjustment adds back the effect of income tax expense.
- (10) Because adjusted net income and fee-related 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.

The following table reconciles fee-related earnings-OCG and adjusted net income-OCG to net income attributable to Oaktree Capital Group, LLC.

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Fee-related earnings-OCG <sup>(1)</sup> .....	\$ 23,059	\$ 12,733
Incentive income attributable to OCG .....	38,868	44,958
Incentive income compensation attributable to OCG .....	(20,020)	(26,497)
Investment income attributable to OCG .....	6,067	15,721
Equity-based compensation attributable to OCG <sup>(2)</sup> .....	(4,307)	(2,065)
Interest expense, net of interest income attributable to OCG .....	(3,463)	(2,626)
Other income (expense) attributable to OCG .....	54	(3)
Non-fee-related earnings income taxes attributable to OCG <sup>(3)</sup> .....	(10,098)	(5,498)
Adjusted net income-OCG <sup>(1)</sup> .....	30,160	36,723
Incentive income attributable to OCG <sup>(4)</sup> .....	(16,073)	(5,110)
Incentive income compensation attributable to OCG <sup>(4)</sup> .....	16,073	6,825
Investment income attributable to OCG <sup>(5)</sup> .....	4,197	—
Equity-based compensation attributable to OCG <sup>(6)</sup> .....	(1,285)	(1,377)
Placement costs attributable to OCG <sup>(7)</sup> .....	(2,698)	—
Foreign-currency hedging attributable to OCG <sup>(8)</sup> .....	(2,359)	1,562
Acquisition-related items attributable to OCG <sup>(9)</sup> .....	(158)	(531)
Non-controlling interests attributable to OCG <sup>(9)</sup> .....	221	161
Net income attributable to Oaktree Capital Group, LLC .....	<u>\$ 28,078</u>	<u>\$ 38,253</u>

- (1) Fee-related earnings-OCG and adjusted net income-OCG are calculated to evaluate the portion of adjusted net income and fee-related earnings attributable to Class A unitholders. These measures are net of income taxes and other income or expenses applicable to OCG or its Intermediate Holding Companies.
- (2) This adjustment adds back the effect of equity-based compensation expense attributable to OCG related to unit grants made after our initial public offering, which is excluded from fee-related earnings-OCG because it is non-cash in nature and does not impact our ability to fund our operations or make equity distributions.
- (3) This adjustment adds back income taxes associated with segment incentive income, incentive income compensation expense or investment income or loss, which are not included in the calculation of fee-related earnings-OCG.
- (4) 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-OCG and net income attributable to OCG.
- (5) 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 amortized cost, subject to impairment between adjusted net income-OCG and net income attributable to OCG.
- (6) This adjustment adds back the effect of (a) equity-based compensation expense attributable to OCG related to unit grants made before our initial public offering, which is excluded from adjusted net income-OCG and fee-related earnings-OCG because it is a non-cash charge that does not affect our financial position, and (b) differences arising from EVUs that are classified as liability awards under GAAP but as equity awards for segment reporting.
- (7) 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-OCG and net income attributable to OCG.
- (8) This adjustment 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-OCG and net income attributable to OCG.
- (9) This adjustment adds back the effect of (a) acquisition-related items associated with the amortization of intangibles and changes in the contingent consideration liability and (b) non-controlling interests.

The following table reconciles fee-related earnings revenues and segment revenues to GAAP revenues.

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Fee-related earnings revenues.....	\$ 201,270	\$ 190,095
Incentive income.....	96,588	152,879
Investment income.....	15,077	53,458
Segment revenues.....	312,935	396,432
Consolidated funds <sup>(1)</sup> .....	(28,998)	(332,931)
Investment income <sup>(2)</sup> .....	(29,447)	(12,682)
GAAP revenues.....	<u>\$ 254,490</u>	<u>\$ 50,819</u>

(1) This adjustment reflects the elimination of amounts attributable to the consolidated funds, as well as the reclassification of gains and losses related to foreign-currency hedging activities to general and administrative expense.

(2) This adjustment reclassifies consolidated investment income from revenues to other income (loss).

The following table reconciles distributable earnings and adjusted net income to net income attributable to Oaktree Capital Group, LLC.

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Distributable earnings.....	\$ 125,725	\$ 135,196
Investment income <sup>(1)</sup> .....	15,077	53,458
Receipts of investment income from funds <sup>(2)</sup> .....	(12,923)	(23,961)
Receipts of investment income from companies.....	(13,558)	(8,796)
Equity-based compensation <sup>(3)</sup> .....	(10,703)	(7,023)
Operating Group income taxes.....	1,407	1,152
Adjusted net income.....	105,025	150,026
Reconciling adjustments <sup>(4)</sup> .....	(76,947)	(111,773)
Net income attributable to Oaktree Capital Group, LLC.....	<u>\$ 28,078</u>	<u>\$ 38,253</u>

(1) This adjustment adds back 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 or make equity distributions.

(2) This adjustment eliminates the portion of distributions received from funds characterized 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.

(3) 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 distributable earnings because it is non-cash in nature and does not impact our ability to fund our operations or make equity distributions.

(4) Please refer to the table on page 30 for a detailed reconciliation of adjusted net income to net income attributable to Oaktree Capital Group, LLC.



The following table reconciles distributable earnings-OCG and adjusted net income-OCG to net income attributable to Oaktree Capital Group, LLC.

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Distributable earnings-OCG <sup>(1)</sup> .....	\$ 41,843	\$ 34,733
Investment income attributable to OCG .....	6,067	15,721
Receipts of investment income from funds attributable to OCG .....	(5,200)	(7,046)
Receipts of investment income from companies attributable to OCG .....	(5,456)	(2,587)
Equity-based compensation attributable to OCG <sup>(2)</sup> .....	(4,307)	(2,065)
Distributable earnings-OCG income taxes .....	3,380	280
Tax receivable agreement .....	5,106	4,410
Income taxes of Intermediate Holding Companies .....	(11,273)	(6,723)
Adjusted net income-OCG <sup>(1)</sup> .....	30,160	36,723
Reconciling adjustments <sup>(3)</sup> .....	(2,082)	1,530
Net income attributable to Oaktree Capital Group, LLC .....	<u>\$ 28,078</u>	<u>\$ 38,253</u>

- (1) Distributable earnings-OCG and adjusted net income-OCG are calculated to evaluate the portion of adjusted net income and distributable earnings attributable to Class A unitholders. These measures are net of income taxes and expenses applicable to OCG or its Intermediate Holding Companies. A reconciliation of distributable earnings to distributable earnings-OCG is presented below.

	Three Months Ended March 31,	
	2016	2015
	(in thousands, except per unit data)	
Distributable earnings .....	\$ 125,725	\$ 135,196
Distributable earnings attributable to OCGH non-controlling interest .....	(75,132)	(95,439)
Non-Operating Group expenses .....	(264)	(334)
Distributable earnings-OCG income taxes .....	(3,380)	(280)
Tax receivable agreement .....	(5,106)	(4,410)
Distributable earnings-OCG .....	<u>\$ 41,843</u>	<u>\$ 34,733</u>
Distributable earnings-OCG per Class A unit .....	<u>\$ 0.68</u>	<u>\$ 0.77</u>

- (2) This adjustment adds back the effect of equity-based compensation expense attributable to OCG 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 or make equity distributions.
- (3) Please refer to the table on page 31 for a detailed reconciliation of adjusted net income-OCG to net income attributable to Oaktree Capital Group, LLC.

The following table reconciles distributable earnings revenues and segment revenues to GAAP revenues.

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Distributable earnings revenues .....	\$ 324,339	\$ 375,731
Investment income .....	15,077	53,458
Receipts of investment income from funds .....	(12,923)	(23,961)
Receipts of investment income from companies .....	(13,558)	(8,796)
Segment revenues .....	312,935	396,432
Consolidated funds <sup>(1)</sup> .....	(28,998)	(332,931)
Investment income <sup>(2)</sup> .....	(29,447)	(12,682)
GAAP revenues .....	<u>\$ 254,490</u>	<u>\$ 50,819</u>

- (1) This adjustment reflects the elimination of amounts attributable to the consolidated funds, as well as the reclassification of gains and losses related to foreign-currency hedging activities to general and administrative expense.
- (2) This adjustment reclassifies consolidated investment income from revenues to other income (loss).

The following table reconciles economic net income and adjusted net income to net income attributable to Oaktree Capital Group, LLC.

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Economic net income <sup>(1)</sup> .....	\$ 41,196	\$ 223,548
Change in accrued incentives (fund level), net of associated incentive income compensation <sup>(2)</sup> .....	63,829	(73,522)
Adjusted net income .....	105,025	150,026
Reconciling adjustments <sup>(3)</sup> .....	(76,947)	(111,773)
Net income attributable to Oaktree Capital Group, LLC .....	<u>\$ 28,078</u>	<u>\$ 38,253</u>

- (1) Please see Glossary for the definition of economic net income.
- (2) The change in accrued incentives (fund level), net of associated incentive income compensation expense, represents the difference between (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.
- (3) Please refer to the table on page 30 for a detailed reconciliation of adjusted net income to net income attributable to Oaktree Capital Group, LLC.

The following table reconciles economic net income-OCG and adjusted net income-OCG to net income attributable to Oaktree Capital Group, LLC.

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Economic net income-OCG <sup>(1)</sup> .....	\$ 7,803	\$ 55,917
Change in accrued incentives (fund level), net of associated incentive income compensation attributable to OCG .....	25,686	(21,622)
Economic net income-OCG income taxes .....	8,510	9,490
Income taxes-OCG .....	(11,839)	(7,062)
Adjusted net income-OCG <sup>(1)</sup> .....	30,160	36,723
Reconciling adjustments <sup>(2)</sup> .....	(2,082)	1,530
Net income attributable to Oaktree Capital Group, LLC .....	<u>\$ 28,078</u>	<u>\$ 38,253</u>

- (1) Economic net income-OCG and adjusted net income-OCG are calculated to evaluate the portion of adjusted net income and economic net income attributable to Class A unitholders. These measures are net of income taxes and other income or expenses applicable to OCG or its Intermediate Holding Companies. A reconciliation of economic net income to economic net income-OCG is presented below.

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(in thousands, except per unit data)</b>	
Economic net income.....	\$ 41,196	\$ 223,548
Economic net income attributable to OCGH non-controlling interest .....	(24,619)	(157,807)
Non-Operating Group expenses.....	(264)	(334)
Economic net income-OCG income taxes.....	(8,510)	(9,490)
Economic net income-OCG.....	<u>\$ 7,803</u>	<u>\$ 55,917</u>
Economic net income per Class A unit.....	<u>\$ 0.13</u>	<u>\$ 1.24</u>

- (2) Please refer to the table on page 31 for a detailed reconciliation of adjusted net income-OCG to net income attributable to Oaktree Capital Group, LLC.

The following table reconciles economic net income revenues and segment revenues to GAAP revenues.

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(in thousands)</b>	
Economic net income revenues .....	\$ 170,077	\$ 509,015
Incentives created .....	46,270	(265,462)
Incentive income.....	<u>96,588</u>	<u>152,879</u>
Segment revenues .....	312,935	396,432
Consolidated funds <sup>(1)</sup> .....	(28,998)	(332,931)
Investment income <sup>(2)</sup> .....	<u>(29,447)</u>	<u>(12,682)</u>
GAAP revenues .....	<u>\$ 254,490</u>	<u>\$ 50,819</u>

- (1) This adjustment reflects the elimination of amounts attributable to the consolidated funds, as well as the reclassification of gains and losses related to foreign-currency hedging activities to general and administrative expense.
- (2) This adjustment reclassifies consolidated investment income from revenues to other income (loss).

The following tables reconcile segment information to consolidated financial data:

	As of or for the Three Months Ended March 31, 2016		
	Segment	Adjustments (in thousands)	Consolidated
Management fees <sup>(1)</sup> .....	\$ 201,270	\$ (2,717)	\$ 198,553
Incentive income <sup>(1)</sup> .....	96,588	(40,651)	55,937
Investment income <sup>(1)</sup> .....	15,077	14,370	29,447
Total expenses <sup>(2)</sup> .....	(199,363)	14,179	(185,184)
Interest expense, net <sup>(3)</sup> .....	(8,682)	(19,023)	(27,705)
Other income (expense), net <sup>(4)</sup> .....	135	5,666	5,801
Other income of consolidated funds <sup>(5)</sup> .....	—	18,999	18,999
Income taxes .....	—	(12,680)	(12,680)
Net loss attributable to non-controlling interests in consolidated funds.....	—	4,944	4,944
Net income attributable to non-controlling interests in consolidated subsidiaries .....	—	(60,034)	(60,034)
Adjusted net income/net income attributable to Oaktree Capital Group, LLC .....	<u>\$ 105,025</u>	<u>\$ (76,947)</u>	<u>\$ 28,078</u>
Corporate investments <sup>(6)</sup> .....	<u>\$ 1,352,362</u>	<u>\$ (306,785)</u>	<u>\$ 1,045,577</u>
Total assets <sup>(7)</sup> .....	<u>\$ 3,136,660</u>	<u>\$ 3,222,154</u>	<u>\$ 6,358,814</u>

- (1) The adjustment represents (a) the elimination of amounts earned from the consolidated funds, (b) for management fees, the reclassification of \$662 of net gains related to foreign-currency hedging activities to general and administrative expense, and (c) for investment income, differences of \$10,429 related to corporate investments in CLOs which under GAAP are marked-to-market but for segment reporting accounted for at amortized cost, subject to impairment.
- (2) The expense adjustment consists of (a) equity-based compensation expense of \$3,245 related to unit grants made before our initial public offering, (b) consolidated fund expenses of \$4,311, (c) expenses incurred by the Intermediate Holding Companies of \$295, (d) the effect of timing differences in the recognition of incentive income compensation expense between adjusted net income and net income attributable to OCG of \$39,942, (e) acquisition-related items of \$391, (f) adjustments of \$5,801 related to amounts received for contractually reimbursable costs that are classified as expenses for segment reporting and as other income under GAAP, (g) differences of \$53 arising from EVUs that are classified as liability awards under GAAP but as equity awards for segment reporting, (h) \$6,704 related to third-party placement costs, and (i) \$5,069 of net losses related to foreign-currency hedging activities.
- (3) The interest expense adjustment represents the inclusion of interest expense attributable to third-party investors in our CLOs, non-controlling interests of the consolidated funds and the exclusion of segment interest income.
- (4) The adjustment to other income (expense), net represents adjustments related to (a) amounts received for contractually reimbursable costs of \$5,801 that are classified as expenses for segment reporting and as other income under GAAP, and (b) the reclassification of \$135 in net gains related to foreign-currency hedging activities to general and administrative expense.
- (5) The adjustment to other income of consolidated funds primarily represents the inclusion of interest, dividend and other investment income attributable to third-party investors in our CLOs and non-controlling interests of the consolidated funds.
- (6) The adjustment to corporate investments is to remove from segment assets our investments in the consolidated funds, including investments in our CLOs, that are treated as equity- or cost-method investments for segment reporting. The \$1.4 billion of corporate investments included \$1.2 billion of equity-method investments.
- (7) The total assets adjustment represents the inclusion of investments and other assets of the consolidated funds, net of segment assets eliminated in consolidation, which are primarily corporate investments in funds and incentive income receivable.

**As of or for the Three Months Ended March 31, 2015**

	<u>Segment</u>	<u>Adjustments</u>	<u>Consolidated</u>
		(in thousands)	
Management fees <sup>(1)</sup> .....	\$ 190,095	\$ (139,276)	\$ 50,819
Incentive income <sup>(1)</sup> .....	152,879	(152,879)	—
Investment income <sup>(1)</sup> .....	53,458	(40,776)	12,682
Total expenses <sup>(2)</sup> .....	(237,464)	1,490	(235,974)
Interest expense, net <sup>(3)</sup> .....	(8,933)	(37,636)	(46,569)
Other income (expense), net <sup>(4)</sup> .....	(9)	4,703	4,694
Other income of consolidated funds <sup>(5)</sup> .....	—	1,505,242	1,505,242
Income taxes .....	—	(7,875)	(7,875)
Net income attributable to non-controlling interests in consolidated funds .....	—	(1,136,665)	(1,136,665)
Net income attributable to non-controlling interests in consolidated subsidiaries .....	—	(108,101)	(108,101)
Adjusted net income/net income attributable to Oaktree Capital Group, LLC .....	<u>\$ 150,026</u>	<u>\$ (111,773)</u>	<u>\$ 38,253</u>
Corporate investments <sup>(6)</sup> .....	<u>\$ 1,503,621</u>	<u>\$ (1,335,622)</u>	<u>\$ 167,999</u>
Total assets <sup>(7)</sup> .....	<u>\$ 3,248,850</u>	<u>\$ 51,784,503</u>	<u>\$ 55,033,353</u>

- (1) The adjustment represents (a) the elimination of amounts earned from the consolidated funds and (b) for management fees, the reclassification of \$2,045 of net gains related to foreign-currency hedging activities to general and administrative expense.
- (2) The expense adjustment consists of (a) equity-based compensation expense of \$4,595 related to unit grants made before our initial public offering, (b) consolidated fund expenses of \$17,511, (c) expenses incurred by the Intermediate Holding Companies of \$334, (d) the effect of timing differences in the recognition of incentive income compensation expense between adjusted net income and net income attributable to OCG of \$23,210, (e) acquisition-related items of \$1,807, (f) adjustments of \$5,590 related to amounts received for contractually reimbursable costs that are classified as expenses for segment reporting and as other income under GAAP, (g) differences of \$88 arising from EVUs that are classified as liability awards under GAAP but as equity awards for segment reporting, (h) \$8,244 of net gains related to foreign-currency hedging activities, and (i) other expenses of \$39.
- (3) The interest expense adjustment represents the inclusion of interest expense attributable to non-controlling interests of the consolidated funds and the exclusion of segment interest income.
- (4) The adjustment to other income (expense), net represents adjustments related to (a) amounts received for contractually reimbursable costs of \$5,590 that are classified as expenses for segment reporting and as other income under GAAP, and (b) the reclassification of \$887 of net gains related to foreign-currency hedging activities to general and administrative expense.
- (5) The adjustment to other income of consolidated funds primarily represents the inclusion of interest, dividend and other investment income (loss) attributable to non-controlling interests of the consolidated funds.
- (6) The adjustment to corporate investments is to remove from segment assets our investments in the consolidated funds, including investments in our CLOs, that are treated as equity- or cost-method investments for segment reporting. The \$1.5 billion of corporate investments included \$1.3 billion of equity-method investments.
- (7) The total assets adjustment represents the inclusion of investments and other assets of the consolidated funds, net of segment assets eliminated in consolidation, which are primarily corporate investments in funds and incentive income receivable.