Oaktree Capital Group, LLC
Form 424B5
March 04, 2015
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (2)
Class A units	4,600,000	$51.70	$ 237,820,000	$27,634.69

(1) Includes 600,000 Class A units subject to the underwriter option to purchase additional Class A units.
(2) The registration fee, calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended, is being transmitted to the SEC on a deferred basis in accordance with Rules 456(b) and 457(r) of the Securities Act of 1933, as amended.

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Filed Pursuant to Rule 424(b)(5)
Registration Statement No. 333-188596

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 14, 2013)

4,000,000 Class A Units

Representing Limited Liability Company Interests

Oaktree Capital Group, LLC

This prospectus supplement relates to 4,000,000 Class A units representing limited liability company interests. We intend to use the net proceeds from this offering to acquire interests in our business from certain of our directors, current and former employees and other investors, including certain senior executives and other members of our senior management. Accordingly, we will not retain any proceeds from the sale of Class A units in this offering.

Our Class A units are listed on the New York Stock Exchange under the symbol OAK. The last reported sale price of the Class A units on February 26, 2015 was $54.24 per unit.

Investing in our Class A units involves risks. Please see Risk Factors beginning on page S-16 of this prospectus supplement and page 3 of the accompanying prospectus and in the documents incorporated by reference for a discussion of risk factors you should consider before investing in our Class A units.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The underwriter has agreed to purchase our Class A units at a price of $51.70 per unit, which will result in approximately $206.8 million of proceeds for certain of our directors, current and former employees and other investors, including certain senior executives and other members of our senior management.

The underwriter may offer the Class A Units from time to time for sale in one or more transactions on the New York Stock Exchange, in the over-the-counter market, through negotiated transactions or otherwise at market prices

prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

To the extent that the underwriter sells more than 4,000,000 Class A units, the underwriter has the option to purchase up to 600,000 additional Class A units from us, at the price set forth above, for 30 days after the date of this prospectus supplement (the underwriter option). We intend to use any proceeds that we receive from the exercise of the underwriter option to acquire interests in our business from certain of our directors, current and former employees and other investors, including certain senior executives and other members of our senior management.

The underwriter expects to deliver the Class A units against payment in New York, New York on March 6, 2015.

Morgan Stanley

Prospectus Supplement dated March 2, 2015.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. You should read this prospectus supplement and the accompanying prospectus together with the additional information described under Where You Can Find More Information and Incorporation by Reference.

Information incorporated by reference after the date of this prospectus supplement is considered a part of this prospectus supplement and may add, update or change information contained in this prospectus supplement. Any information in such subsequent filings that is inconsistent with this prospectus supplement and the accompanying prospectus will supersede the information in this prospectus supplement and the accompanying prospectus.

This prospectus supplement, the accompanying prospectus and any free writing prospectus that we prepare or authorize contain and/or incorporate by reference information you should consider when making an investment decision. We have not authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or in any such free writing prospectus is accurate as of any date other than the respective dates thereof. Our business, financial condition, results of operations and prospects may have changed since those dates.

In this prospectus supplement, unless the context otherwise requires:

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

Oaktree Operating Group, or Operating Group, refers collectively to the entities that control the general partners and investment advisers of our funds in which we have a minority economic interest and indirect control.

OCGH refers to Oaktree Capital Group Holdings, L.P., a Delaware limited partnership, which holds an interest in the Oaktree Operating Group and all of our Class B units.

OCGH unitholders refers collectively to our senior executives, current and former employees and certain other investors who hold their interest in the Oaktree Operating Group through OCGH.

2007 Private Offering refers to the sale completed on May 25, 2007 of 23,000,000 of our Class A units to qualified institutional buyers (as defined in the Securities Act) in a transaction exempt from the registration requirements of the Securities Act. Prior to our initial public offering, these Class A Units traded on a private over-the-counter market developed by Goldman, Sachs & Co. for Tradeable Unregistered Equity Securities.

assets under management, or AUM, generally refers to the assets we manage and equals the NAV (as defined below) 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 collateralized loan obligation vehicles (CLOs). Our AUM amounts include AUM for which we charge no fees. Our definition of AUM is not based on any definition contained in our operating agreement or the agreements governing the funds that we manage. Our calculation of AUM and the

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two AUM-related metrics described below may not be directly comparable to the AUM metrics of other investment managers.

management fee-generating assets under management, or management fee-generating AUM, is a forward-looking metric and reflects the AUM on which we will earn management fees in the following quarter, as more fully described in Management s Discussion and Analysis of Financial Condition and Results of Operations Segment and Operating Metrics Assets Under Management Management Fee-generating Assets Under Management in our Annual Report.

incentive-creating assets under management, or incentive-creating AUM, refers to the AUM that may eventually produce incentive income, as more fully described in Management s Discussion and Analysis of Financial Condition and Results of Operations Segment and Operating Metrics Assets Under Management Incentive-creating Assets Under Management in our Annual Report.

consolidated funds refers to the funds and CLOs that Oaktree consolidates through a majority voting interest or otherwise, including those funds in which Oaktree as the general partner is presumed to have control.

funds refers to investment funds and, where applicable, CLOs and separate accounts that are managed by us or our subsidiaries.

initial public offering refers to the listing of our Class A units on the New York Stock Exchange whereby Oaktree sold 7,888,864 Class A units and selling unitholders sold 954,159 Class A units, as more fully described in Management s Discussion and Analysis of Financial Condition and Results of Operations Initial Public Offering in our Annual Report.

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

May 2007 Restructuring refers to the series of transactions that occurred immediately prior to the 2007 Private Offering whereby OCGH contributed our business to the Oaktree Operating Group in exchange for limited partnership interests in each Oaktree Operating Group entity, as more fully described in Management s Discussion and Analysis of Financial Condition and Results of Operations The May 2007 Restructuring and The 2007 Private Offering The May 2007 Restructuring in our annual report on Form 10-K for the year ended December 31, 2013.

net asset value, or 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.

senior executives refers collectively to Howard S. Marks, Bruce A. Karsh, Jay S. Wintrob, John B. Frank, Stephen A. Kaplan, Larry W. Keele, David M. Kirchheimer and Sheldon M. Stone.

This prospectus supplement and the accompanying prospectus and their contents do not constitute and should not be construed as an offer of securities of any Oaktree funds or an offer of Class A units in any jurisdiction where the offer or sale is not permitted.

WHERE YOU CAN FIND MORE INFORMATION AND INCORPORATION BY REFERENCE

We file annual, quarterly and current reports, and other information with the U.S. Securities and Exchange Commission (the SEC). You can inspect and copy these reports and other information at

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the public reference facilities of the SEC at the SEC s Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our SEC filings, including the complete registration statement and all of the exhibits thereto, are also available through the SEC s website at http://www.sec.gov. Our internet address is www.oaktreecapital.com. We are not incorporating the contents of our website into this prospectus supplement or the accompanying prospectus (apart from those documents that are referenced below).

The SEC allows us to incorporate by reference information into this prospectus supplement, which means that we can disclose important information to you by referring to those documents. We hereby incorporate by reference the documents listed below, which means that we are disclosing important information to you by referring you to those documents. The information that we file later with the SEC will automatically update and in some cases supersede this information. Specifically, we incorporate by reference the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

- Our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on February 27, 2015 (our Annual Report);
- The description of our Class A units contained in our Registration Statement on Form 8-A, filed with the SEC on April 9, 2012, including all amendments and reports filed for the purpose of updating such description; and
- Future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), after the date of this prospectus supplement and before the termination of the offering.

We will provide to each person, including any beneficial owner, to whom a prospectus supplement is delivered, a copy of these filings, other than an exhibit to these filings unless we have specifically incorporated that exhibit by reference into the filing, upon written or oral request and at no cost. Requests should be made by writing or telephoning us at the following address:

Oaktree Capital Group, LLC

333 South Grand Avenue 28th Floor

Los Angeles, CA 90071

Attention: Investor Relations

Telephone: (213) 830-6483

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus may contain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended (the Securities Act), and Section 21E of the

Exchange Act, which reflect our current views 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, 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

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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 incorporated by reference herein describe 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 contained in this prospectus supplement speak only as of the date of this prospectus supplement. 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.

MARKET AND INDUSTRY DATA

The documents incorporated and deemed to be incorporated by reference herein include or may include, and any free writing prospectus that may be provided to you in connection with this offering may include, market and industry data and forecasts that are derived from independent reports, publicly available information, various industry publications, other published industry sources and our internal data, estimates and forecasts. Independent reports, industry publications and other published industry sources generally indicate that the information contained therein was obtained from sources believed to be reliable. We have not commissioned, nor are we affiliated with, any of the sources cited herein.

Our internal data, estimates and forecasts are based upon information obtained from investors in our funds, partners, trade and business organizations and other contacts in the markets in which we operate and our management s understanding of industry conditions.

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SUMMARY

This is only a summary and may not contain all the information that is important to you. You should carefully read both this prospectus supplement and the accompanying prospectus and any other offering materials, together with the additional information described under Where You Can Find More Information and Incorporation by Reference.

Our Company

Oaktree is a leader among global investment managers specializing in alternative investments, with $90.8 billion in assets under management (AUM) as of December 31, 2014. 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. Over nearly three decades, we have developed a large and growing client base through our ability to identify and capitalize on opportunities for attractive investment returns in less efficient markets.

Our founding senior executives were pioneers in the management of high yield bonds, convertible securities and distressed debt. From those roots we have developed an array of specialized credit- and equity-oriented strategies. Our 290 investment professionals include 154 senior investment professionals with an average 18 years of industry experience, who between them possess the investing, research, analytical, legal, trading and other skills, relationships and experience that are necessary for long-term success in our complex markets. Additionally, our compensation and other personnel practices foster a collaborative culture that facilitates complementary investment strategies benefiting from shared knowledge and insights.

We manage assets on behalf of many of the most significant institutional investors in the world. Our clientele has nearly doubled over the past decade, to over 2,000, including 74 of the 100 largest U.S. pension plans, 39 states in the United States, 407 corporations and/or their pension funds, 351 university, charitable and other endowments and foundations, 14 sovereign wealth funds and approximately 300 other non-U.S. institutional investors. Our 25 largest clients participate in an average of four different investment strategies, reflecting the confidence engendered by our consistent firm-wide investment approach. Approximately 14% of our AUM represents high-net-worth individuals or sub-advisory relationships with mutual funds, indicating both the broadening appeal of alternatives to individual investors and our heightened focus on that market.

We have systematically broadened employee ownership since our founding to help align interests among employees, our clients and other stakeholders, as well as to facilitate a smooth generational transfer of management and ownership. We have 927 employees, including 218 employee-owners, with offices in 17 cities across 12 countries, of which the largest offices are in Los Angeles (headquarters), London, New York City and Hong Kong.

We are seeking to raise approximately $20 billion of capital in our closed-end funds over the next 18 months in both established and recently launched products, including approximately $10 billion of aggregate committed capital for distressed debt. The timing and amount of capital we ultimately raise for these funds may vary materially from our goals and will depend on a variety of factors, including market conditions, performance of our existing funds, investor risk appetite and concentration considerations, and competitive factors. In addition, we generally expect a delay between when we raise capital for these funds and when at least portions of that capital start generating management fees for us.

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Oaktree Capital Group, LLC is a Delaware limited liability company that was formed on April 13, 2007. Before 2007, our business was operated through our predecessor, Oaktree Capital Management, LLC, which was formed in 1995. Our principal executive offices are located at 333 South Grand Avenue, 28th Floor, Los Angeles, CA 90071, and our telephone number is (213) 830-6300.

Organizational Structure

Oaktree Capital Group, LLC is owned by its Class A and Class B unitholders. Class A units are entitled to one vote per unit. Class B units are entitled to ten votes per unit. All issued and outstanding Class B units are held by OCGH. However, if the Oaktree control condition (as defined below) is no longer satisfied, our Class B units will be entitled to only one vote per unit. Holders of our Class A units and Class B units generally vote together as a single class on the limited set of matters on which our unitholders have a vote. Such matters, which must be approved by a majority (or, in the case of election of directors when the Oaktree control condition is no longer satisfied, a plurality) of the votes entitled to be cast by all Class A units and Class B units present in person or represented by proxy at a meeting of unitholders, include a proposed sale of all or substantially all of our assets, certain mergers and consolidations, certain amendments to our operating agreement and an election by our board of directors to dissolve the company. The Class B units do not represent an economic interest in Oaktree Capital Group, LLC. The number of Class B units held by OCGH, however, increases or decreases with corresponding changes in OCGH s economic interest in the Oaktree Operating Group.

Our operating agreement provides that so long as our senior executives, or their successors or affiliated entities (other than us or our subsidiaries), including OCGH, collectively hold, directly or indirectly, at least 10% of the aggregate outstanding Oaktree Operating Group units, our manager, Oaktree Capital Group Holdings GP, LLC, which is 100% owned and controlled by our senior executives, will be entitled to designate all the members of our board of directors. We refer to this ownership condition as the Oaktree control condition. Holders of our Class A units and Class B units have no right to elect our manager. So long as the Oaktree control condition is satisfied, our manager will control the membership of our board of directors, which will manage all of our operations and activities and will have discretion over significant corporate actions, such as the issuance of securities, payment of distributions, sale of assets, making certain amendments to our operating agreement and other matters. Please see Description of Units in the accompanying prospectus.

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The diagram below depicts our organizational structure after the consummation of this offering and the application of proceeds (assuming no exercise of the underwriter option).

(1) Holds 100% of the Class B units and, after giving effect to this offering and the application of proceeds, 0.03% of the Class A units, which together represent 95.7% of the total combined voting power of our outstanding Class A and Class B units. The Class B units have no economic interest in us. The general partner of Oaktree Capital Group Holdings, L.P. is Oaktree Capital Group Holdings GP, LLC, which is controlled by our senior executives. Oaktree Capital Group Holdings GP, LLC also acts as our manager and in that capacity has the authority to designate all the members of our board of directors for so long as the Oaktree control condition is satisfied.

(2) The percent economic interest represents the applicable number of Class A units as a percentage of the Oaktree Operating Group units after the completion of this offering. After giving effect to this offering and the application of proceeds, there will be 152,852,620 Oaktree Operating Group units outstanding.

(3) The percent economic interest in Oaktree Operating Group represents the aggregate number of Oaktree Operating Group units held, directly or indirectly, as a percentage of the total number of Oaktree Operating Group units outstanding after the completion of this offering and the application of proceeds.

(4) Oaktree Capital Group, LLC holds 1,000 shares of non-voting Class A common stock of Oaktree AIF Holdings, Inc., which are entitled to receive 100% of any dividends. Oaktree Capital Group Holdings, L.P. holds 100 shares of voting Class B common stock of Oaktree AIF Holdings, Inc., which do not participate in dividends or otherwise represent an economic interest in Oaktree AIF Holdings, Inc.

(5) Owned indirectly by Oaktree Holdings, LLC through an entity not reflected in this diagram that is treated as a partnership for U.S. federal income tax purposes. Through this entity, each of Oaktree Holdings, Inc. and Oaktree Holdings, Ltd. owns a less than 1% indirect interest in Oaktree Capital I, L.P.

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Update to Material U.S. Federal Tax Considerations

The first sentence of Material U.S. Federal Tax Considerations Administrative Matters Additional Withholding Requirements of the accompanying prospectus provides that the relevant withholding agent may be required to withhold 30% of any interest, dividends and other fixed or determinable annual or periodical gains, profits and income from sources within the United States paid after December 31, 2013. Under revised administrative rules, the relevant withholding agent was not required to withhold on such amounts until after June 30, 2014.

The first paragraph of Material U.S. Federal Tax Considerations Consequences to Non-U.S. Holders of Class A Units U.S. Income Tax Consequences of the accompanying prospectus shall be replaced in its entirety with the following:

In light of our intended investment activities, we may be treated as engaged in a U.S. trade or business for U.S. federal income tax purposes, which may cause some portion of our income to be treated as effectively connected income, or ECI, with respect to non-U.S. holders. Moreover, dividends paid by an investment that we make in a real estate investment trust, or REIT that are attributable to gains from the sale of U.S. real property interests and sales of certain investments in interests in U.S. real property, including stock of certain U.S. corporations owning significant U.S. real property, may be treated as ECI with respect to non-U.S. holders.

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The Offering

Class A units being offered by us	4,000,000 units (or 4,600,000 units assuming exercise in full of the underwriter option).
Underwriter option	We have granted the underwriter an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 600,000 additional Class A units from us at $51.70 per unit to the extent that the underwriter sells more than 4,000,000 Class A units.
Units to be outstanding after this offering and the application of proceeds	
	47,763,719 Class A units (or 48,363,719 Class A units assuming exercise in full of the underwriter option)
	105,088,901 Class B units (or 104,488,901 Class B units assuming exercise in full of the underwriter option)
Use of proceeds	We estimate that our proceeds from this offering net of underwriting commissions and discounts will be approximately $206.8 million (or $237.8 million assuming exercise in full of the underwriter option).
	We intend to use the net proceeds to acquire OCGH units, which represent economic interests in the Oaktree Operating Group, from certain OCGH unitholders, including certain of our directors, current and former employees and other investors, including certain senior executives and other members of our senior management. We will acquire the OCGH units pursuant to an exchange agreement, as described under Certain Relationships and Related Transactions, and Director Independence Exchange Agreement in our Annual Report. Accordingly, we will not retain any of the proceeds from this offering. Please see Principal Unitholders for information regarding the net proceeds of this offering that will be paid to certain of our directors and executive officers. Please see also Use of Proceeds.
Voting rights	Class A units are entitled to one vote per unit.
	Class B units are entitled to ten votes per unit; however, if the Oaktree control condition is no longer satisfied, our Class B units will be entitled to only one vote per unit.

Holders of our Class A units and Class B units generally vote together as a single class on the limited set of matters on which our unitholders have a vote. As a Class A unitholder, you will have only limited voting rights on matters affecting our businesses and will have no right to elect our manager, which is owned and controlled by our senior executives and is entitled to designate all the members of our board of directors. Moreover, our senior executives, through their control of OCGH, will hold 95.7% of the total combined voting power of our units entitled to vote immediately after the offering and the application of proceeds, and

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	thus are able to exercise control over all matters requiring unitholder approval. Please see Description of Units in the accompanying prospectus.
Distribution policy	We intend to continue to make distributions to our Class A unitholders quarterly, following the respective quarter end. We intend to distribute substantially all of the excess of our share of distributable earnings, net of income taxes, as determined by our board of directors after taking into account factors it deems relevant, such as, but not limited to, working capital levels, known or anticipated cash needs, business and investment opportunities, general economic and business conditions, our obligations under our debt instruments or other agreements, our compliance with applicable laws, the level and character of taxable income that flows through to our Class A unitholders, the availability and terms of outside financing, the possible repurchase of our Class A units in open market transactions, in privately negotiated transactions or otherwise, providing for future distributions to our Class A unitholders, and growing our capital base. 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. Please see Cash Distribution Policy for a further discussion of our distribution policy and Management s Discussion and Analysis of Financial Condition and Results of Operations Segment and Operating Metrics Distributable Earnings and Management s Discussion and Analysis of Financial Condition and Results of Operations Segment Analysis Distributable Earnings in our Annual Report for a description of distributable earnings and additional information.
Exchange agreement	Subject to certain restrictions, including the approval of our board of directors, each OCGH unitholder has the right to exchange his or her vested OCGH units pursuant to the terms of an exchange agreement. The exchange agreement provides that such OCGH units will be exchanged into, at the option of our board of directors, Class A units, an equivalent amount of cash based on then-prevailing market prices, other consideration of equal value or any combination of the foregoing; and we will cancel a corresponding number of Class B units. Please see Certain Relationships and Related Transactions, and Director Independence Exchange Agreement in our Annual Report.
Tax receivable agreement	Subject to certain restrictions, including the approval of our board of directors, each OCGH unitholder has the right to exchange his or her vested OCGH units for, at the option of our board of directors, our Class A units, an equivalent amount of cash based on then-prevailing market prices, other consideration of equal value or any combination of the foregoing. Our Intermediate Holding Companies will deliver, at the option of our board of directors, our Class A units on a one-for-one basis, an equivalent amount of cash based on then-prevailing market prices, other consideration of equal value or

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	any combination of the foregoing in exchange for the applicable OCGH unitholder s OCGH units, pursuant to the exchange agreement. These exchanges, including our purchase of Oaktree Operating Group units in connection with the 2007 Private Offering and our purchase of OCGH units in connection with our initial public offering, our follow-on offerings in May 2013 and March 2014 and this offering resulted in, and are expected to result in, as applicable, increases in the tax basis of the tangible and intangible assets of the Oaktree Operating Group. These increases in tax basis have increased and will increase (for tax purposes) depreciation and amortization deductions and reduce gain on sales of assets, and therefore reduce the taxes of Oaktree Holdings, Inc. and Oaktree AIF Holdings, Inc. Assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize the full tax benefit of the increased amortization of our assets, we expect that remaining payments under the tax receivable agreement will aggregate $308.5 million through 2036 with respect to the 2007 Private Offering, our initial public offering and our follow-on offerings in May 2013 and March 2014. In addition, we expect that payments under the tax receivable agreement in respect of this offering will aggregate $54.3 million (or $62.5 million assuming exercise in full of the underwriter option) over the period ending in approximately 2037. Please see Certain Relationships and Related Transactions, and Director Independence Tax Receivable Agreement in our Annual Report.
Risk factors	Please see Risk Factors beginning on page S-16 and in the documents incorporated by reference for a discussion of risks you should carefully consider before deciding to invest in our Class A units.
New York Stock Exchange symbol	OAK

The number of Class A units and Class B units that will be outstanding after this offering is based on 43,763,719 Class A units and 109,088,901 Class B units outstanding as of December 31, 2014 and excludes:

105,088,901 Class A units issuable upon exchange of 105,088,901 OCGH units (or, assuming exercise in full of the underwriter option, 104,488,901 Class A units issuable upon exchange of 104,488,901 OCGH units) as of December 31, 2014 that will be held by certain of our existing owners after giving effect to this offering and the application of proceeds, which are entitled, subject to vesting and minimum retained ownership requirements and transfer restrictions, to be exchanged for, at the option of our board of directors, our Class A units on a one-for-one basis, an equivalent amount of cash based on then-prevailing market prices, other consideration of equal value or any combination of the foregoing;

14,875,618 Class A units or OCGH units that may be issued from time to time under the 2011 Oaktree Capital Group, LLC Equity Incentive Plan (the 2011 Plan) as of February 24, 2015; as well as Class A units or OCGH units that become available under the 2011 Plan pursuant to provisions in the 2011 Plan that automatically increase the Class A units or OCGH units

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available for future issuance (please see Executive Compensation 2011 Equity Incentive Plan in our Annual Report);

7,940 Class A units and 978,128 OCGH units that were granted in February 2015 under the 2011 Plan; and

100,979 OCGH units cancelled in January 2015 and March 2015 in connection with the satisfaction of tax withholding obligations upon the vesting of certain OCGH unit grants.

Unless otherwise indicated, the information in this prospectus supplement assumes no exercise of the underwriter option.

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Summary Historical Financial Information and Other Data

The following summary historical consolidated financial and other data of Oaktree Capital Group, LLC should be read together with Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and the audited consolidated financial statements and related notes in our Annual Report, which is incorporated by reference herein.

We derived the Oaktree Capital Group, LLC summary historical consolidated statements of operations data for the years ended December 31, 2014, 2013 and 2012 and the summary historical consolidated statements of financial condition data as of December 31, 2014 and 2013 from our audited consolidated financial statements, which are included in our Annual Report and incorporated by reference herein. We derived the summary historical consolidated statements of financial condition data as of December 31, 2012 from our audited consolidated financial statements, which are not included in our Annual Report.

The summary historical financial information and other data is not necessarily indicative of the expected future operating results of Oaktree Capital Group, LLC following this offering.

	As of or for the Year Ended December 31,		
	2014	2013	2012
	(in thousands, except per unit data or as otherwise indicated)		
Consolidated Statements of Operations Data:			
Total revenues	$ 193,894	$ 194,922	$ 144,983
Total expenses	(947,477)	(1,107,062)	(790,603)
Total other income	2,947,671	7,149,104	7,348,895
Income before income taxes	2,194,088	6,236,964	6,703,275
Income taxes	(18,536)	(26,232)	(30,858)
Net income	2,175,552	6,210,732	6,672,417
Less:			
Net income attributable to non-controlling interests in consolidated funds	(1,649,890)	(5,163,939)	(6,016,342)
Net income attributable to non-controlling interests in consolidated subsidiaries	(399,379)	(824,795)	(548,265)
Net income attributable to Oaktree Capital Group, LLC	$ 126,283	$ 221,998	$ 107,810
Distributions declared per Class A unit [(1)]	$ 3.15	$ 4.71	$ 2.31
Net income per Class A unit	$ 2.97	$ 6.35	$ 3.83
Weighted average number of Class A units outstanding	42,582	34,979	28,170

Consolidated Statements of Financial Condition Data:			
Total assets	$ 53,344,062	$ 45,263,254	$ 43,869,998
Debt obligations	7,156,387	2,876,645	1,106,804
Non-controlling redeemable interests in consolidated funds	41,681,155	38,834,831	39,670,831
Segment Statements of Operations: [(2)]			
Revenues:			
Management fees	$ 764,492	$ 749,901	$ 747,440
Incentive income	491,402	1,030,195	461,116
Investment income	117,662	258,654	202,392
Total revenues	1,373,556	2,038,750	1,410,948
Expenses:			
Compensation and benefits	(381,544)	(365,306)	(329,741)
Equity-based compensation	(19,705)	(3,828)	(318)
Incentive income compensation	(231,871)	(436,217)	(222,594)
General and administrative	(122,566)	(117,361)	(102,685)
Depreciation and amortization	(7,249)	(7,119)	(7,397)
Total expenses	(762,935)	(929,831)	(662,735)

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	As of or for the Year Ended December 31,		
	2014	2013	2012
	(in thousands, except per unit data or as otherwise indicated)		
Adjusted net income before interest and other income (expense)	$ 610,621	$ 1,108,919	$ 748,213
Interest expense, net of interest income [3]	(30,190)	(28,621)	(31,730)
Other income (expense), net	(5,301)	409	767
Adjusted net income	$ 575,130	$ 1,080,707	$ 717,250
Non-GAAP Segment Measures:			
Adjusted net income-OCG [4]	$ 137,762	$ 223,113	$ 114,395
Adjusted net income per Class A unit	3.24	6.38	4.06
Distributable earnings [4]	608,139	984,266	672,181
Distributable earnings-OCG [4]	145,973	203,595	107,678
Distributable earnings per Class A unit	3.43	5.82	3.82
Fee-related earnings [4]	253,133	260,115	307,617
Fee-related earnings-OCG [4]	61,318	50,122	45,646
Fee-related earnings per Class A unit	1.44	1.43	1.62
Weighted average number of Operating Group units outstanding	152,660	150,971	150,539
Weighted average number of Class A units outstanding	42,582	34,979	28,170
Segment Statements of Financial Condition Data: [2]			
Cash and cash-equivalents	$ 405,290	$ 390,721	$ 458,191
U.S. Treasury and government-agency securities	655,529	676,600	370,614
Corporate investments	1,515,443	1,197,173	1,115,952
Total assets	3,267,799	2,817,127	2,359,548
Debt obligations	850,000	579,464	615,179
Total liabilities	1,549,410	1,126,877	965,655
Total unitholders capital	1,718,389	1,690,250	1,393,893
Operating Metrics:			
Assets under management (in millions):			
Assets under management	$ 90,831	$ 83,605	$ 77,051
Management fee-generating assets under management	78,079	71,950	66,784
Incentive-creating assets under management	33,861	32,379	33,989
Uncalled capital commitments [5]	10,333	13,169	11,201
Accrued incentives (fund level): [6]			
Incentives created (fund level)	164,370	1,168,836	911,947
Incentives created (fund level), net of associated incentive income compensation expense	24,228	549,545	493,005
Accrued incentives (fund level)	1,949,407	2,276,439	2,137,798

Accrued incentives (fund level), net of associated incentive income compensation expense	999,923	1,235,226	1,282,194

(1) All references to Class A units in this prospectus supplement give effect to the conversion of previously outstanding Class C units into Class A units on a one-for-one basis in April 2012.

(2) 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 included with segment expenses, as compared to being recorded as other income under GAAP. In addition, adjusted net income excludes the effect of (a) non-cash equity-based compensation charges 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 classified as equity awards for segment reporting purposes, (d) income taxes, (e) other income or expenses applicable to OCG or its Intermediate Holding Companies and (f) the adjustment for the OCGH non-controlling interest. 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. Adjusted net income is calculated at the Operating Group level.

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For additional information regarding these reconciling adjustments, as well as reconciliations of segment total assets to consolidated total assets, please see the Segment Reporting note to our consolidated financial statements included in our Annual Report.

A reconciliation of segment total assets to consolidated total assets for the periods is presented below.

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Total segment assets	$ 3,267,799	$ 2,817,127	$ 2,359,548
Plus: consolidated funds	50,076,263	42,446,127	41,510,450
Total consolidated assets	$ 53,344,062	$ 45,263,254	$ 43,869,998

(3) Interest income was $3.6 million, $3.2 million and $2.6 million for the years ended December 31, 2014, 2013 and 2012, respectively.

(4) 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.

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. Please see Risk Factors We cannot assure you that our intended quarterly distributions will be paid each quarter or at all in our Annual Report and Cash Distribution Policy in this prospectus supplement.

Distributable earnings differs from adjusted net income in that it excludes segment investment income or loss and includes the receipt of investment income or loss from distributions by our investments in funds and companies. In addition, distributable earnings differs from adjusted net income in that it is net of Operating Group income taxes and, beginning in 2013, excludes non-cash equity-based compensation charges related to unit grants made after our initial public offering. In contrast to the GAAP measure of net income or loss attributable to OCG, distributable earnings also excludes the effect of (a) non-cash equity-based compensation charges related to unit grants made before our initial public offering, (b) income taxes and expenses that OCG or its Intermediate Holding Companies bear directly and (c) the adjustment for the OCGH non-controlling interest.

Distributable earnings-OCG, or distributable earnings per Class A unit, is a non-GAAP measure 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 the 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.

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Reconciliations of distributable earnings, adjusted net income, distributable earnings-OCG and adjusted net income-OCG to the most comparable GAAP-basis measure for the periods are presented below.

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Distributable earnings	$ 608,139	$ 984,266	$ 672,181
Investment income [a]	117,662	258,654	202,392
Receipts of investment income from funds [b]	(81,438)	(128,896)	(129,621)
Receipts of investment income from companies	(49,546)	(35,664)	(33,838)
Equity-based compensation [c]	(19,705)	(3,828)	
Operating Group income taxes	18	6,175	6,136
Adjusted net income	575,130	1,080,707	717,250
Incentive income [d]	(28,813)	64,460	
Incentive income compensation [d]	10,677	(46,334)	
Equity-based compensation [e]	(21,690)	(24,613)	(36,024)
Acquisition-related items [f]	(2,442)		
Income taxes [g]	(18,536)	(26,232)	(30,858)
Non-Operating Group other income [h]			6,260
Non-Operating Group expenses [h]	(1,645)	(1,195)	(553)
OCGH non-controlling interest [h]	(386,398)	(824,795)	(548,265)
Net income attributable to OCG	$ 126,283	$ 221,998	$ 107,810

(a) This adjustment adds back our segment investment income, which with respect to investment in funds is initially largely non-cash in nature and is thus not available to fund our operations or make equity distributions.

(b) 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.

(c) This adjustment adds back the effect of equity-based compensation charges related to unit grants made after our initial public offering, which is excluded from distributable earnings because it is non-cash in nature and does not impact our ability to fund our operations or make equity distributions.

(d) 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. There were no adjustments attributable to timing differences for 2012.

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

(f) This adjustment adds back the effect of acquisition-related items associated with the amortization of intangibles and changes in the contingent consideration liability.

(g) Because adjusted net income and distributable earnings are pre-tax measures, this adjustment adds back the effect of income tax expense.

(h) Because adjusted net income and distributable earnings are calculated at the Operating Group level, this adjustment adds back the effect of items applicable to OCG, its Intermediate Holding Companies or the OCGH non-controlling interest.

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	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Distributable earnings-OCG [(a)]	$ 145,973	$ 203,595	$ 107,678
Investment income attributable to OCG	32,399	60,000	37,293
Receipts of investment income from funds attributable to OCG	(22,674)	(29,141)	(25,215)
Receipts of investment income from companies attributable to OCG	(13,892)	(8,486)	(5,891)
Equity-based compensation attributable to OCG [(b)]	(5,517)	(904)	
Distributable earnings-OCG income taxes	4,138	7,684	12,185
Tax receivable agreement	15,853	10,422	6,808
Non-Operating Group other income			6,260
Income taxes of Intermediate Holding Companies	(18,518)	(20,057)	(24,723)
Adjusted net income-OCG [(a)]	137,762	223,113	114,395
Incentive income attributable to OCG [(c)]	(6,641)	16,361	
Incentive income compensation attributable to OCG [(c)]	1,913	(11,761)	
Equity-based compensation attributable to OCG [(d)]	(6,053)	(5,715)	(6,585)
Acquisition-related items attributable to OCG [(e)]	(698)		
Net income attributable to OCG	$ 126,283	$ 221,998	$ 107,810

(a) 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.

(b) This adjustment adds back the effect of equity-based compensation charges 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.

(c) This adjustment adds back the effect of timing differences associated with the recognition of incentive income and incentive income compensation expense attributable to OCG between adjusted net income-OCG and net income attributable to OCG. There were no adjustments attributable to timing differences for 2012.

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

reporting purposes.

(e) This adjustment adds back acquisition-related items associated with the amortization of intangibles and changes in the contingent consideration liability attributable to OCG.

Fee-related earnings is a non-GAAP measure that we use to monitor the baseline earnings of our business. Fee-related earnings is comprised of segment management fees less segment operating expenses other than incentive income compensation expense and, beginning with the fourth quarter of 2013 (with retrospective application), non-cash equity-based compensation charges related to unit grants made after our initial public offering. Fee-related earnings 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, and because it excludes all non-management fee revenue sources. Fee-related earnings 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 fee-related earnings attributable to their ownership. Fee-related earnings-OCG represents fee-related earnings 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 are calculated excluding any segment incentive income or investment income (loss).

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Reconciliations of fee-related earnings and fee-related earnings-OCG to the most comparable GAAP-basis measure for the periods are presented below.

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Fee-related earnings [a]	$ 253,133	$ 260,115	$ 307,617
Incentive income	491,402	1,030,195	461,116
Incentive income compensation	(231,871)	(436,217)	(222,594)
Investment income	117,662	258,654	202,392
Equity-based compensation [b]	(19,705)	(3,828)	(318)
Interest expense, net of interest income	(30,190)	(28,621)	(31,730)
Other income (expense), net	(5,301)	409	767
Adjusted net income	575,130	1,080,707	717,250
Incentive income [c]	(28,813)	64,460	
Incentive income compensation [c]	10,677	(46,334)	
Equity-based compensation [d]	(21,690)	(24,613)	(36,024)
Acquisition-related items [e]	(2,442)		
Income taxes [f]	(18,536)	(26,232)	(30,858)
Non-Operating Group other income [g]			6,260
Non-Operating Group expenses [g]	(1,645)	(1,195)	(553)
OCGH non-controlling interest [g]	(386,398)	(824,795)	(548,265)
Net income attributable to OCG	$ 126,283	$ 221,998	$ 107,810

(a) 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 charges related to unit grants made after our initial public offering.

(b) This adjustment adds back the effect of equity-based compensation charges 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.

(c) 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. There were no adjustments attributable to timing differences for 2012.

(d) This adjustment adds back the effect of (a) equity-based compensation charges 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 classified as equity awards for segment reporting purposes.

(e) This adjustment adds back the effect of acquisition-related items associated with the amortization of intangibles and changes in the contingent consideration liability.

(f) Because adjusted net income and fee-related earnings are pre-tax measures, this adjustment adds back the effect of income tax expense.

(g) 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 the OCGH non-controlling interest.

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	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Fee-related earnings-OCG [a]	$ 61,318	$ 50,122	$ 45,646
Incentive income attributable to OCG	132,901	231,971	88,809
Incentive income compensation attributable to OCG	(62,719)	(99,168)	(43,001)
Investment income attributable to OCG	32,399	60,000	37,293
Equity-based compensation attributable to OCG [b]	(5,517)	(904)	(59)
Interest expense, net of interest income attributable to OCG	(8,439)	(6,610)	(5,924)
Other income (expense) attributable to OCG	(1,471)	96	40
Non-fee-related earnings income taxes attributable to OCG [c]	(10,710)	(12,394)	(8,409)
Adjusted net income-OCG [a]	137,762	223,113	114,395
Incentive income attributable to OCG [d]	(6,641)	16,361	
Incentive income compensation attributable to OCG [d]	1,913	(11,761)	
Equity-based compensation attributable to OCG [e]	(6,053)	(5,715)	(6,585)
Acquisition-related items attributable to OCG [f]	(698)		
Net income attributable to OCG	$ 126,283	$ 221,998	$ 107,810

(a) 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.

(b) This adjustment adds back the effect of equity-based compensation charges 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.

(c) 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.

(d) This adjustment adds back the effect of timing differences associated with the recognition of incentive income and incentive income compensation expense attributable to OCG between adjusted net income-OCG and net income attributable to OCG. There were no adjustments attributable to timing differences for 2012.

(e) This adjustment adds back the effect of (a) equity-based compensation charges 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 classified as equity awards for segment reporting purposes.

(f) This adjustment adds back the effect of acquisition-related items associated with the amortization of intangibles and changes in the contingent consideration liability attributable to OCG.

For additional information on our segment measures, please see Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations Segment and Operating Metrics, Management s Discussion and Analysis of Financial Condition and Results of Operations Segment Analysis and the consolidated financial statements and related notes in our Annual Report.

(5) Uncalled capital commitments represent undrawn capital commitments by partners (including Oaktree as general partner) of our closed-end funds in 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.

(6) 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 other factors.

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RISK FACTORS

We are subject to a number of significant risks inherent in our business. You should carefully consider the risks and uncertainties described in our Annual Report, including those set forth under Risk Factors in our Annual Report. In addition, you should carefully consider the risks and uncertainties described below and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. If any of these risks were to occur, our business and financial results could be seriously harmed. The trading price of our Class A units could decline as a result of any of these risks, and you could lose all or part of your investment.

Risks Relating to This Offering

The large number of Class A units eligible for public sale could depress the market price of our Class A units.

The market price of our Class A units could decline as a result of sales of a large number of our Class A units in the market after this offering, and the perception that these sales could occur may also depress the market price of our Class A units. Based on 43,763,719 Class A units outstanding as of December 31, 2014, we will have 47,763,719 Class A units outstanding after giving effect to this offering and the application of proceeds (or 48,363,719 Class A units assuming exercise in full of the underwriter option). This number includes all of the Class A units that are being sold in this offering, which may be resold immediately in the public market, unless they are held by our affiliates, as that term is defined in Rule 144 under the Securities Act.

In addition, our directors and executive officers (which includes our senior executives), other current and former employees and certain other investors hold Oaktree Operating Group units through OCGH and, subject to certain restrictions, including the approval of our board of directors, have the right to exchange their vested OCGH units for, at the option of our board of directors, Class A units on a one-for-one basis, an equivalent amount of cash based on then-prevailing market prices, other consideration of equal value or any combination of the foregoing in accordance with the terms of the exchange agreement. Please see Certain Relationships and Related Transactions, and Director Independence Exchange Agreement in our Annual Report. The market price of our Class A units could decline as a result of an exchange, or the perception that an exchange may occur, of a large number of OCGH units for our Class A units. Such sales or exchanges could also cause the price of our Class A units to fall and make it more difficult for our Class A unitholders to sell their units. As of December 31, 2014, there are 109,088,901 OCGH units outstanding. After giving effect to this offering and the application of proceeds, there will be 105,088,901 OCGH units outstanding (or 104,488,901 units assuming exercise in full of the underwriter option). Our directors and executive officers also hold a small number of Class A units. All of our directors and executive officers have executed lock-up agreements with the underwriter pursuant to which each has agreed not to dispose of or hedge any of such OCGH units, any Class A units or securities convertible into or exchangeable for such OCGH units or Class A units or substantially similar securities during the period from the date of this prospectus supplement continuing through the date that is 60 days after the date of this prospectus supplement, without the prior written consent of the underwriter. Among other customary exceptions, these restrictions on transfer described above are subject to exceptions that permit our directors and executive officers to transfer our units:

- in connection with the purchase of OCGH units by us from such persons with the net proceeds of this offering;

if such Class A units were acquired in this offering or on the open market after this offering, provided that such transactions do not require a public filing;

to us, provided that such transactions do not require a public filing;

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following the commencement of a tender or exchange offer for Class A units that is subject to the provisions of the Exchange Act by a third party not affiliated with us; or

in connection with any acquisition, sale or merger of us with an unaffiliated third party in which all of the holders of Class A units are entitled to participate.

With respect to all other holders of OCGH units, we have agreed in the underwriting agreement not to permit any disposition of any OCGH units owned by such holders, or any exchange of OCGH units owned by them into Class A units, during the period from the date of this prospectus supplement continuing through the date that is 60 days after the date of this prospectus supplement, without the prior written consent of the underwriter. The foregoing restrictions on transfer and exchange are subject to customary exceptions.

We may issue our Class A units from time to time as consideration for future acquisitions and investments. If any such acquisition or investment is significant, the number of Class A units that we issue may in turn be significant. We may also grant registration rights covering Class A units issued in connection with any such acquisitions and investments.

In addition, as of February 24, 2015, we may issue 14,875,618 Class A units or OCGH units from time to time under the 2011 Plan as well as Class A units or OCGH units that become available under the 2011 Plan pursuant to provisions in the 2011 Plan that automatically increase the Class A units or OCGH units available for future issuance. The units granted under the 2011 Plan may be subject to vesting and forfeiture provisions. Any vesting terms are set by our board of directors or a committee appointed by our board of directors in its discretion. Additional issuances of Class A units or OCGH units under the 2011 Plan may dilute the holdings of our existing unitholders, reduce the market price of our Class A units or both. Please see Executive Compensation 2011 Equity Incentive Plan in our Annual Report.

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USE OF PROCEEDS

We estimate that our proceeds from this offering net of underwriting commissions and discounts will be approximately $206.8 million (or $237.8 million assuming exercise in full of the underwriter option).

We intend to use the net proceeds (including any net proceeds resulting from the exercise of the underwriter option) to acquire OCGH units from certain OCGH unitholders, including certain of our directors, current and former employees and other investors, including certain senior executives and other members of our senior management, pursuant to an exchange agreement, as described under Certain Relationships and Related Transactions, and Director Independence Exchange Agreement in our Annual Report. OCGH units represent economic interests in the Oaktree Operating Group, as described under Summary Organizational Structure. Accordingly, we will not retain any of the proceeds received by us from this offering. Please see Principal Unitholders for information regarding the net proceeds of this offering that will be paid to certain of our directors and named executive officers. Pending specific application of these proceeds, we expect to invest them primarily in short-term demand deposits at various financial institutions. In addition, we will pay other expenses related to the offering out of cash on hand, which we estimate will total approximately $450,000.

After giving effect to the application of the net proceeds as described above, segment and consolidated unitholders capital attributable to Oaktree Capital Group, LLC will increase by the amount of net proceeds and segment and consolidated OCGH non-controlling interest in consolidated subsidiaries will decrease by the amount of net proceeds.

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MARKET INFORMATION

Our Class A units are traded on the New York Stock Exchange (NYSE) under the symbol OAK and began trading on the NYSE on April 12, 2012. The following table sets forth the high and low intra-day sales prices per unit of our Class A units, for the periods indicated, as reported by the NYSE:

	Sales Price	
	High	Low
2015		
First Quarter (through February 27, 2015)	$ 57.07	$ 51.52
2014		
First Quarter	$ 62.30	$ 56.13
Second Quarter	58.46	49.13
Third Quarter	52.00	47.36
Fourth Quarter	52.25	45.30
2013		
First Quarter	$ 53.55	$ 45.17
Second Quarter	59.50	48.87
Third Quarter	55.91	51.01
Fourth Quarter	59.12	52.17

The number of holders of record of our Class A units as of February 24, 2015 was 8. This does not include the number of Class A unitholders that hold units in street-name through banks or broker-dealers.

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CASH DISTRIBUTION POLICY

We intend to continue to make distributions to our Class A unitholders quarterly, following the respective quarter end. Distributions to our Class A unitholders are funded by our share of the Oaktree Operating Group s distributions. We use distributable earnings, a non-GAAP performance measure derived from our segment results, to measure our earnings at the Oaktree Operating Group level without the effects of the consolidated funds for purposes of, among other things, assisting in the determination of equity distributions from the Oaktree Operating Group. By excluding the results of our consolidated funds and segment investment income or loss, which are not directly available to fund our operations or make equity distributions, and including the portion of distributions from Oaktree and non-Oaktree funds and companies to us that is deemed the profit or loss component of the distributions and not a return of our capital contributions, distributable earnings aids us in measuring amounts that are actually available to meet our obligations under the tax receivable agreement and our liabilities for expenses incurred at OCG and the Intermediate Holding Companies, as well as for distributions to Class A and OCGH unitholders.

We intend to continue to distribute substantially all of the excess of our share of distributable earnings, net of income taxes, as determined by our board of directors after taking into account factors it deems relevant, such as, but not limited to, working capital levels, known or anticipated cash needs, business and investment opportunities, general economic and business conditions, our obligations under our debt instruments or other agreements, our compliance with applicable laws, the level and character of taxable income that flows through to our Class A unitholders, the availability and terms of outside financing, the possible repurchase of our Class A units in open market transactions, in privately negotiated transactions or otherwise, providing for future distributions to our Class A unitholders, and growing our capital base. We are not currently restricted by any contract from making distributions to our unitholders, although certain of our subsidiaries are bound by credit agreements that contain certain restricted payment and/or other covenants, which may have the effect of limiting the amount of distributions that we receive from our subsidiaries. In addition, we are not permitted to make a distribution under Section 18-607 of the Delaware Limited Liability Company Act if, after giving effect to the distribution, our liabilities would exceed the fair value of our assets.

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. Please see Risk Factors Risks Relating to Our Class A Units We cannot assure you that our intended quarterly distributions will be paid each quarter or at all in our Annual Report.

Class A unitholders receive their share of these distributions by the Oaktree Operating Group, net of expenses that we and our Intermediate Holding Companies bear directly, such as income taxes or payment obligations under the tax receivable agreement. Our quarterly distributable earnings may be affected by potential seasonal factors that may, in turn, affect the level of the cash distributions applicable to a particular quarter. For example, we generally receive tax-related incentive distributions from certain closed-end funds in the first quarter of the year, which if received generate distributable earnings in that period. The distribution amount for any given period is likely to vary materially due to this and other factors.

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Set forth below are the distributions per Class A unit that were paid on the indicated payment dates to the holders of record as of a date that was two to four business days prior to the payment date.

Payment Date	Applicable to Quarterly Period Ended	Distribution per Unit
February 25, 2015	December 31, 2014	$ 0.56
November 13, 2014	September 30, 2014	0.62
August 14, 2014	June 30, 2014	0.55
May 15, 2014	March 31, 2014	0.98
Total fiscal year 2014		$ 2.71
February 27, 2014	December 31, 2013	$ 1.00
November 15, 2013	September 30, 2013	0.74
August 20, 2013	June 30, 2013	1.51
May 21, 2013	March 31, 2013	1.41
Total fiscal year 2013		$ 4.66
March 1, 2013	December 31, 2012	$ 1.05
November 20, 2012	September 30, 2012	0.55
August 21, 2012	June 30, 2012	0.79
May 25, 2012	March 31, 2012	0.55
Total fiscal year 2012		$ 2.94

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PRINCIPAL UNITHOLDERS

The following table sets forth information regarding the current beneficial ownership of our Class A units and Class B units and the OCGH units by:

- each person known to us to beneficially own more than 5% of any class of the outstanding voting securities of Oaktree Capital Group, LLC;
- each of our directors;
- each of our named executive officers; and
- all directors and executive officers as a group.

The applicable percentage ownership with respect to the Class A units and the Class B units beneficially owned is based on 43,771,659 Class A units outstanding and 109,974,898 Class B units outstanding as of February 24, 2015. The applicable percentage ownership with respect to the OCGH units beneficially owned represents the applicable unitholder s aggregate holdings of OCGH units and Class A units as a percentage of the 153,746,557 Oaktree Operating Group units outstanding as of February 24, 2015. This percentage represents the applicable unitholder s aggregate economic interest in the Oaktree Operating Group. Although holders of OCGH units are entitled, subject to certain restrictions, to exchange their OCGH units for, at the option of our board of directors, our Class A units on a one-for-one basis, an equivalent amount of cash based on then-prevailing market prices, other consideration of equal value or any combination of the foregoing, such exchanges require our board s approval and thus holders of OCGH units are not deemed to beneficially own the equivalent number of Class A units.

Beneficial ownership is determined in accordance with the rules of the SEC. Under these rules, more than one person may be deemed a beneficial owner of the same securities, and a person may be deemed a beneficial owner of securities as to which he has no economic interest. To our knowledge, each person named in the table below has sole voting and investment power with respect to all of the interests shown as beneficially owned by such person, except as otherwise set forth in the notes to the table and pursuant to applicable community property laws. Unless otherwise specified, the address of each person named in the table is c/o Oaktree Capital Group, LLC, 333 South Grand Avenue, 28th Floor, Los Angeles, CA 90071.

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	Class A Units Beneficially Owned						Class B Units Beneficially Owned		OCGH Units Beneficially			
	Pre-Offering		Post-Offering Assuming the Underwriter Option Is Not Exercised		Post-Offering Assuming the Underwriter Option Is Exercised in Full				Pre-Offering		Post-Offering Assuming the Underwriter Option Is Not Exercised	
Directors	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Perc
	1,826	*	1,826	*	1,826	*		(2)	18,899,721	12.3%	17,983,853	11
	1,826	*	1,826	*	1,826	*		(2)	19,047,271	12.4	18,231,403	11
	6,191	*	6,191	*	6,191	*						
	185	*	185	*	185	*			2,211,542	1.4	2,211,542	1
	136	*	136	*	136	*			1,584,716	1.0	1,518,228	1
	79	*	79	*	79	*			1,078,392	*	1,038,467	
	72	*	72	*	72	*			1,367,438	*	1,367,438	
	181	*	181	*	181	*			1,907,905	1.2	1,826,182	1
	322	*	322	*	322	*			4,060,135	2.6	3,886,224	2
	1,009	*	1,009	*	1,009	*			10,644,843	6.9	10,188,883	6
	20,176	*	20,176	*	20,176	*						
	6,416	*	6,416	*	6,416	*			3,090,401	2.0	2,958,028	1
	1,985	*	1,985	*	1,985	*						
	10,326	*	10,326	*	10,326	*						
nd directors	50,861	*	50,861	*	50,861	*			65,419,859	42.6	62,679,678	40
	5,894,215	13.5%	5,894,215	13.5%	5,894,215	13.5%						
t Group	2,489,196	5.7	2,489,196	5.7	2,489,196	5.7						
	2,332,915	5.4	2,332,915	5.4	2,332,915	5.4						
									8,210,090	5.3	7,858,420	5
Holdings,	13,000	*	13,000	*	13,000	*	109,974,898	100%				

* Represents less than 1%.

(1) Subject to certain restrictions, including the approval of our board of directors, each OCGH unitholder has the right to exchange his or her vested units pursuant to the terms of an exchange agreement. Pursuant to the exchange agreement and the terms of the OCGH partnership agreement, the OCGH units will be exchanged for, at the option of our board of directors, our Class A units on a one-for-one basis, an equivalent amount of cash based on then-prevailing market prices, other consideration of equal value or any combination of the foregoing, and we will cancel a corresponding number of Class B units.

(2) Excludes 13,000 Class A units and 109,974,898 Class B units held by OCGH. The general partner of OCGH is Oaktree Capital Group Holdings GP, LLC. In their capacities as members of the executive committee of Oaktree Capital Group Holdings GP, LLC holding more than 50% of the aggregate number of OCGH units held by all of the members of the executive committee as a group, Mr. Marks and Mr. Karsh may be deemed to be beneficial owners of the securities held by OCGH. Each of Mr. Marks and Mr. Karsh disclaims beneficial ownership of such securities.

(3) Excludes 8,210,090 OCGH units held by Acorn Investors, LLC, which Mr. Pierson may be deemed to beneficially own. Mr. Pierson is the President of Acorn Investors, LLC and disclaims beneficial ownership of the OCGH units held by that entity.

(4) Reflects Class A units beneficially owned as of December 31, 2014 by FMR LLC based on a Schedule 13G filed by FMR LLC on February 13, 2015. The Schedule 13G includes 5,894,215 Class A units beneficially owned by Edward C. Johnson 3d and family members and Fidelity Management & Research Company (together with FMR LLC and Edward C. Johnson 3d, Fidelity), a wholly owned subsidiary of FMR LLC, in its capacity as investment adviser to various registered investment companies (the Fidelity funds). Mr. Johnson is Chairman of FMR LLC. The Schedule 13G states that Mr. Johnson and various family members, through their ownership of FMR LLC voting common stock and the execution of a shareholders voting agreement, may be deemed a controlling group with respect to FMR LLC. The Schedule 13G also states that neither FMR LLC nor Mr. Johnson has the sole power to vote or direct the voting of the shares owned directly by the Fidelity funds,

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which power resides with the Fidelity funds boards of trustees pursuant to established guidelines. The address of Fidelity is 245 Summer Street, Boston, Massachusetts 02210.

(5) Reflects Class A units beneficially owned as of December 31, 2014 by clients of one or more investment advisers directly or indirectly owned by Wellington Management Group LLP (Wellington), based on a Schedule 13G filed by Wellington on February 12, 2015. The address of Wellington is c/o Wellington Management Company LLP, 280 Congress Street, Boston, Massachusetts 02210.

(6) Reflects Class A units beneficially owned as of December 31, 2014 by Hawkins Capital L.P., the general partner and manager of Hawkins Investment Partnership L.P. (HIP), and Russell B. Hawkins, the sole portfolio manager of HIP, each of whom may be deemed to share voting and dispositive power with respect to the Class A units held by HIP, based on a Schedule 13G filed with the SEC by Hawkins Capital L.P. on February 18, 2015. The address of HIP, Hawkins Capital L.P. and Mr. Hawkins is 600 Travis Street, Suite 6650, Houston, TX 77002.

In connection with this offering, our board of directors intends to permit OCGH unitholders to exercise their rights under the OCGH limited partnership agreement and the exchange agreement to exchange 4,000,000 OCGH units (or 4,600,000 OCGH units assuming exercise in full of the underwriter option) for cash at a purchase price per OCGH unit equal to the price per Class A unit in this offering payable to us by the underwriter, with adjustments, as applicable, to account for the disproportionate sharing among certain OCGH unitholders of the historical incentive income of certain closed-end funds that held their final closing before the May 2007 Restructuring. The adjustments to the purchase price of OCGH units will be made pursuant to the OCGH limited partnership agreement to account for the fact that, as a result of the May 2007 Restructuring, the interests of certain OCGH unitholders in historical incentive income are disproportionately larger or smaller than their pro rata interest in our business, depending on when the unitholder s interest in our business was acquired. We intend to use the proceeds net of underwriting commissions and discounts received by us from this offering to acquire 4,000,000 OCGH units from certain OCGH unitholders (or 4,600,000 OCGH units assuming exercise in full of the underwriter option), including certain of our directors, employees and other investors, including certain senior executives and other members of our senior management, pursuant to the exchange agreement. Of these net proceeds, we expect that approximately $47.4 million will be paid to Mr. Marks for 915,868 OCGH units (or $54.5 million for 1,053,751 OCGH units assuming exercise in full of the underwriter option); approximately $42.2 million will be paid to Mr. Karsh for 815,868 OCGH units (or $48.5 million for 938,751 OCGH units assuming exercise in full of the underwriter option); approximately $3.4 million will be paid to Mr. Kirchheimer for 66,488 OCGH units (or $4.0 million for 76,502 OCGH units assuming exercise in full of the underwriter option); approximately $2.1 million will be paid to Mr. Kramer for 39,925 OCGH units (or $2.4 million for 45,939 OCGH units assuming exercise in full of the underwriter option); approximately $4.2 million will be paid to Mr. Kaplan for 81,723 OCGH units (or $4.9 million for 94,032 OCGH units assuming exercise in full of the underwriter option); approximately $9.0 million will be paid to Mr. Keele for 173,911 OCGH units (or $10.3 million for 200,105 OCGH units assuming exercise in full of the underwriter option); approximately $23.6 million will be paid to Mr. Stone for 455,960 OCGH units (or $27.1 million for 524,634 OCGH units assuming exercise in full of the underwriter option); approximately $6.8 million will be paid to Mr. Masson for 132,373 OCGH units (or $7.9 million for 152,312 OCGH units assuming exercise in full of the underwriter option); approximately $2.6 million will be paid to Mr. Ford for 50,902 OCGH units (or $3.0 million for 58,567 OCGH units assuming exercise in full of the underwriter option); approximately $0.37 million will be paid to Mr. Molz, one of our executive officers, for 7,163 OCGH units (or $0.43 million for 8,241 OCGH units assuming exercise in full of the underwriter option); and approximately $18.2 million will be paid to Acorn Investors, LLC for 351,670 OCGH units (or $20.9 million for 404,637 OCGH units assuming exercise in full of the underwriter option). In addition, Messrs. Marks, Karsh, Keele, Stone and Masson will receive additional amounts as a result of their disproportionate interest in

the historical incentive income from certain closed-end funds that held their final closing before the May 2007 Restructuring, as described above.

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UNDERWRITING

We and Morgan Stanley & Co. LLC, the underwriter, have entered into an underwriting agreement with respect to the Class A units being offered. Subject to certain conditions, the underwriter has agreed to purchase all of the 4,000,000 Class A units offered hereby.

The underwriter proposes to offer the Class A units from time to time for sale in one or more transactions on the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices, subject to receipt and acceptance by it and subject to its right to reject any order in whole or in part. In connection with the sale of the Class A units offered hereby, the underwriter may be deemed to have received compensation in the form of underwriting discounts. The underwriter may effect such transactions by selling Class A units to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriter and/or purchasers of Class A units for whom they may act as agents or to whom they may sell as principal. The offering of the Class A units by the underwriter is subject to receipt and acceptance and subject to the underwriter s right to reject any order in whole or in part.

The underwriter is committed to take and pay for all of the Class A units being offered, if any are taken, other than the Class A units covered by the underwriter option described below unless and until this underwriter option is exercised.

We have granted the underwriter an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 600,000 additional Class A units from us at $51.70 per unit to the extent that the underwriter sells more than 4,000,000 Class A units.

In connection with this offering, the underwriter may purchase and sell Class A units in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriter of a greater number of Class A units than it is required to purchase in the offering. Covered short sales are sales made in an amount not greater than the underwriter option to purchase additional Class A units from us in the offering. The underwriter may close out any covered short position by either exercising the underwriter option or purchasing Class A units in the open market. In determining the source of Class A units to close out the covered short position, the underwriter will consider, among other things, the price of Class A units available for purchase in the open market as compared to the price at which it may purchase additional Class A units pursuant to the underwriter option granted to it. Naked short sales are any sales in excess of such option. The underwriter must close out any naked short position by purchasing Class A units in the open market. A naked short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the Class A units in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Class A units made by the underwriter in the open market prior to the completion of the offering.

Purchases to cover a short position, as well as other purchases by the underwriter for its own account, may have the effect of preventing or retarding a decline in the market price of our stock and may maintain or otherwise affect the market price of the Class A units. As a result, the price of the Class A units may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the NYSE, in the over-the-counter market or otherwise.

We have agreed with the underwriter, subject to certain exceptions, not to offer, sell, contract to sell or otherwise dispose of any Class A units, Class B units, any Oaktree Operating Group units, any other securities substantially similar to the Class A units, Class B units or Oaktree Operating Group

units or any securities convertible, exchangeable or exercisable for Class A units, Class B units or Oaktree Operating Group units or substantially similar securities during the period from the date of this prospectus supplement continuing through the date 60 days after the date of this prospectus supplement, except with the prior written consent of the underwriter.

In addition, our directors and executive officers (which include our senior executives), other current and former employees and certain other investors hold OCGH units and, subject to certain restrictions, including the approval of our board of directors, have the right to exchange their OCGH units for, at the option of our board of directors, Class A units, an equivalent amount of cash based on then-prevailing market prices, other consideration of equal value or any combination of the foregoing in accordance with the terms of the exchange agreement. Please see Certain Relationships and Related Transactions, and Director Independence Exchange Agreement in our Annual Report. Most of our directors and executive officers also hold a small number of Class A units. Our directors and executive officers have executed lock-up agreements with the underwriter pursuant to which each has agreed not to dispose of or hedge any of such OCGH units, any Class A units or securities convertible into or exchangeable for such OCGH units or Class A units or substantially similar securities, during the period from the date of this prospectus supplement continuing through the date that is 60 days after the date of this prospectus supplement, without the prior written consent of the underwriter. Among other customary exceptions, these restrictions on transfer described above are subject to exceptions that permit our directors and executive officers to transfer our units:

- in connection with the purchase of OCGH units by us from such persons with the net proceeds of this offering;
- if such Class A units were acquired on the open market after this offering;
- to us, provided that such transactions do not require a public filing;
- following the commencement of a tender or exchange offer for Class A units that is subject to the provisions of the Exchange Act by a third party not affiliated with us; or
- in connection with any acquisition, sale or merger of us with an unaffiliated third party in which all of the holders of Class A units are entitled to participate.

With respect to all other holders of OCGH units, we have agreed with the underwriter not to permit any disposition of any OCGH units owned by such holders, or any exchange of OCGH units owned by them into Class A units, during the period from the date of this prospectus supplement continuing through the date that is 60 days after the date of this prospectus supplement, without the prior written consent of the underwriter. The foregoing restrictions on transfer and exchange are subject to customary exceptions.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that relevant Member State (the Relevant Implementation Date), an offer to the public of any Class A units which are the subject of the offering contemplated by this prospectus supplement may not be made in that relevant Member State, except that an offer to the public in that relevant Member State of any Class A units may be

made at any time with effect from and including the Relevant Implementation Date under the following exemptions under the Prospectus Directive, if they have been implemented in that relevant Member State:

(a) to legal entities which are qualified investors as defined in the Prospectus Directive;

(b) to fewer than 100, or, if the relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the underwriter for any such offer; or

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(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Class A units shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer to the public in relation to any Class A units in any relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Class A units to be offered so as to enable an investor to decide to purchase any Class A units, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

This EEA selling restriction is in addition to any other selling restrictions set out in this prospectus supplement.

In connection with this offering, each underwriter:

(1) must only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of the Class A units in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(2) must comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Class A units in, from or otherwise involving the United Kingdom.

The Class A units may not be offered or sold in Hong Kong by means of any document other than (1) to professional investors as defined in the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (2) in other circumstances which do not result in the document being a prospectus as defined in the Companies Ordinance (Cap.32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance, and no advertisement, invitation or document relating to the Class A units may be issued or be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Class A units which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance and any rules made thereunder.

The Class A units have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the Financial Instruments and Exchange Act), and no Class A units may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

This prospectus supplement and the accompanying prospectus have not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus

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supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Class A units may not be circulated or distributed, nor may the Class A units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

(1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA);

(2) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA; or

(3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Class A units are subscribed or purchased under Section 275 by a relevant person which is:

(1) a corporation (which is not an accredited investor as defined in Section 4(A) of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Class A units pursuant to an offer made under Section 275 except:

(i) to an institutional investor or to a relevant person defined in Section 274 of the SFA or to a relevant person under Section 275(2) of the SFA, or any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA.

We estimate that the total expenses of the offering that are payable by us will be approximately $450,000. We have agreed to reimburse the underwriter for certain FINRA and Blue Sky expenses in an amount up to $5,000.

We have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriter may be required to make because of any of those liabilities.

The underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriter and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses. In particular, an affiliate of Morgan Stanley & Co. LLC is a lender under certain of our existing credit facilities described under Future Sources and Uses of Liquidity in our Annual Report.

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In the ordinary course of their various business activities, the underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriter and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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LEGAL MATTERS

The validity of the Class A units being offered by us in this offering will be passed upon for us by Simpson Thacher & Bartlett LLP, Los Angeles, California, and for the underwriter by Sullivan & Cromwell LLP, Los Angeles, California. Simpson Thacher & Bartlett LLP, Palo Alto, California has provided a tax opinion in connection with the Class A units being offered hereby.

EXPERTS

The financial statements and management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2014 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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PROSPECTUS

Class A Units Representing Limited Liability Company Interests

Preferred Units Representing Limited Liability Company Interests

Depositary Units

Warrants

Subscription Rights

Purchase Contracts

Purchase Units

Oaktree Capital Group, LLC

We or selling securityholders may offer and sell from time to time, in one or more offerings, in amounts, at prices and on terms determined at the time of any such offering, (1) Class A units representing limited liability company interests, (2) preferred units representing limited liability company interests, (3) depositary units representing fractional interests in preferred units, (4) warrants, (5) subscription rights, (6) purchase contracts or (7) purchase units.

We or selling securityholders may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. We will provide specific terms of any securities to be offered, together with the terms of the offering, in supplements to this prospectus to the extent required. You should read this prospectus, the applicable prospectus supplement and any documents we incorporate by reference carefully before you invest.

Our Class A units are listed on the New York Stock Exchange under the trading symbol OAK.

Investing in our securities involves a high degree of risk. You should carefully read and consider the risk factors described in this prospectus, any accompanying prospectus supplement and in the documents incorporated by reference into this prospectus. See Risk Factors beginning on page 3.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal

offense.

Prospectus dated May 14, 2013

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Prospectus

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ABOUT THIS PROSPECTUS

This prospectus is part of an automatic shelf registration statement on Form S-3 that we filed with the U.S. Securities and Exchange Commission (the SEC) as a well-known seasoned issuer as defined in Rule 405 under the U.S. Securities Act of 1933, as amended (the Securities Act). By using a shelf registration statement, we or any selling securityholder may sell, at any time and from time to time, in one or more offerings, any combination of the securities described in this prospectus and the applicable prospectus supplement in amounts, at prices and on other terms to be determined at the time of the offering. As allowed by the SEC rules, this prospectus does not contain all of the information included in the registration statement. For further information, we refer you to the registration statement, including its exhibits.

You should read this prospectus and any prospectus supplement together with the additional information described under Where You Can Find More Information and Incorporation by Reference. Information in any prospectus supplement or incorporated by reference after the date of this prospectus is considered a part of this prospectus and may add, update or change information contained in this prospectus. Any information in such subsequent filings that is inconsistent with this prospectus will supersede the information in this prospectus or any earlier prospectus supplement.

You should rely only on the information incorporated by reference or provided in this prospectus and any prospectus supplement. We have not authorized anyone else to provide you with other information. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus, any prospectus supplement or any document incorporated herein or therein by reference is accurate as of any date other than the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date.

In this prospectus, unless the context otherwise requires:

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

Oaktree Operating Group refers collectively to the entities that control the general partners and investment advisors of our funds in which we have a minority economic interest and indirect control.

OCGH refers to Oaktree Capital Group Holdings, L.P., a Delaware limited partnership, which holds an interest in the Oaktree Operating Group and all of our Class B units.

OCGH unitholders refers collectively to our principals, current and former employees and certain other investors who hold their interest in the Oaktree Operating Group through OCGH.

2007 Private Offering refers to the sale completed on May 25, 2007 of 23,000,000 of our Class A units to Goldman, Sachs & Co., as initial purchaser, as more fully described in Management s Discussion and Analysis of Financial Condition and Results of Operations The May 2007 Restructuring and The 2007 Private Offering The 2007 Private Offering in our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on March 14, 2013.

assets under management, or AUM, generally refers to the assets we manage and equals the NAV (as defined below) of the assets we manage, the fund-level leverage on which management fees are charged and the undrawn capital that we are entitled to call from investors in our funds pursuant to their capital commitments. Our AUM amounts include

AUM for which we charge no fees. Our definition of AUM is not based on any definition contained in our operating agreement or the agreements governing the funds that we manage. Our calculation of AUM may not be directly comparable to the AUM metrics of other investment managers.

funds refers to investment funds and, where applicable, separate accounts that are managed by us or our subsidiaries.

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

net asset value, or 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.

This prospectus and any accompanying prospectus supplement and their contents do not constitute and should not be construed as an offer of securities of any Oaktree funds.

WHERE YOU CAN FIND MORE INFORMATION AND INCORPORATION BY REFERENCE

We file annual, quarterly and current reports, and other information with the SEC. You can inspect and copy these reports and other information at the public reference facilities of the SEC at the SEC s Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our SEC filings, including the complete registration statement and all of the exhibits thereto, are also available through the SEC s website at http://www.sec.gov. Our internet address is www.oaktreecapital.com. We are not incorporating the contents of our website into this prospectus or any accompanying prospectus supplement (apart from those documents that are referenced below).

The SEC allows us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring to those documents. We hereby incorporate by reference the documents listed below, which means that we are disclosing important information to you by referring you to those documents. The information that we file later with the SEC will automatically update and in some cases supersede this information. Specifically, we incorporate by reference the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

Our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on March 14, 2013, as amended by Amendment No. 1 thereto, filed with the SEC on April 8, 2013;

Our Current Report on Form 8-K/A, filed with the SEC on April 8, 2013 (solely with respect to the information set forth therein);

Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, filed with the SEC on May 10, 2013;

The description of our Class A units contained in our Registration Statement on Form 8-A, filed with the SEC on April 9, 2012, including all amendments and reports filed for the purpose of updating such description; and

Future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), after the date of this prospectus and before the termination of the offering.

We will provide to each person, including any beneficial owner to whom a prospectus is delivered, a copy of these filings, other than an exhibit to these filings unless we have specifically incorporated that exhibit by reference into the filing, upon written or oral request and at no cost. Requests should be made by writing or telephoning us at the following address:

Oaktree Capital Group, LLC

333 South Grand Avenue 28th Floor

Los Angeles, CA 90071

Attention: Investor Relations

Telephone: (213) 830-6483

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, which reflect our current views 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, predict, seek, should, will and would or the negative version of these words or other comparable or similar word 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; the timing and receipt of and impact of taxes on carried interest; distributions from and liquidation of our existing funds; 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 and/or Quarterly Reports on Form 10-Q incorporated by reference herein describe 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 contained in this prospectus speak only as of the date of this prospectus. 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.

MARKET AND INDUSTRY DATA

The documents incorporated and deemed to be incorporated by reference herein include or may include, and any prospectus supplement and free writing prospectus that we may provide to you in connection with an offering may include, market and industry data and forecasts that are derived from independent reports, publicly available information, various industry publications, other published industry sources and our internal data, estimates and forecasts. Independent reports, industry publications and other published industry sources generally indicate that the information contained therein was obtained from sources believed to be reliable. We have not commissioned, nor are we affiliated with, any of the sources cited herein.

Our internal data, estimates and forecasts are based upon information obtained from investors in our funds, partners, trade and business organizations and other contacts in the markets in which we operate and our management s understanding of industry conditions.

RISK FACTORS

Investing in our securities involves risks. In addition to the risks discussed above under Disclosure Regarding Forwarding-Looking Statements, you should carefully review the risks discussed under the caption Risk Factors in our most recent Annual Report on Form 10-K, which is incorporated by reference in this prospectus, and under the caption Risk Factors or any similar caption in the other documents that we subsequently file with the SEC that are incorporated or deemed to be incorporated by reference into this prospectus as described under Where You Can Find More Information and Incorporation by Reference and in any prospectus supplement or free writing prospectus that we provide you in connection with an offering of securities pursuant to this prospectus. You should also carefully review the other risks and uncertainties discussed in the documents

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incorporated and deemed to be incorporated by reference in this prospectus and in any such prospectus supplement and free writing prospectus. The risks and uncertainties discussed above and in the documents referred to above and other matters discussed in those documents could materially and adversely affect our business, financial condition, liquidity and results of operations and the market price of our Class A units and any other securities we may issue. Moreover, the risks and uncertainties discussed above and in the foregoing documents are not the only risks and uncertainties that we face, and our business, financial condition, liquidity and results of operations and the market price of our Class A units and any other securities we may issue could be materially adversely affected by other matters that are not known to us or that we currently do not consider to be material risks to our business.

OAKTREE CAPITAL GROUP, LLC

This is only a summary and may not contain all the information that is important to you. You should carefully read both this prospectus and any accompanying prospectus supplement and any other offering materials, together with the additional information described under Where You Can Find More Information and Incorporation by Reference.

Oaktree is a leader among global investment managers specializing in alternative investments, with $78.8 billion in assets under management (AUM) as of March 31, 2013. Over more than a quarter-century we have developed a large and growing client base through our ability to identify and capitalize on opportunities for attractive investment returns in less efficient markets. Our investment approach, based on the primacy of risk control, and the strong risk-adjusted performance record it has produced appeal to the many investors who seek attractive returns with less-than-commensurate risk. Oaktree s growth and success are byproducts of our proven investment approach and our policy of putting clients interests first.

Our founding principals were pioneers in the management of high yield bonds, convertible securities and distressed debt. From those roots we have developed an array of specialized credit- and equity-oriented strategies that include distressed debt, corporate debt (including high yield debt and senior loans), control investing, convertible securities, real estate and listed equities. Our 229 investment professionals include 132 senior investment professionals with an average 17 years of industry experience. These individuals possess the broad cross-section of investing, research, analytical, legal, trading and other skills, relationships and experience that are necessary for success in our complex markets. Additionally, our compensation and other personnel practices foster a collaborative culture that facilitates complementary investment strategies benefiting from shared knowledge and insights.

We manage assets on behalf of many of the most significant institutional investors in the world. Our clientele has nearly doubled over the past decade, to over 1,800, including 75 of the 100 largest U.S. pension plans, 38 states in the United States, approximately 400 corporations, over 300 university, charitable and other endowments and foundations, 10 sovereign wealth funds and over 250 other non-U.S. institutional investors. Our 25 largest clients participate in an average of five different investment strategies, reflecting the confidence engendered by our consistent firm-wide investment approach. Over 10% of our AUM represents high-net-worth individuals or sub-advisory relationships with mutual funds, indicating both the broadening appeal of alternatives to individual investors and our heightened focus on that market.

We have systematically broadened employee ownership since our founding to help align interests among employees, our clients and other stakeholders, as well as to facilitate a smooth generational transfer of management and ownership. We have over 700 employees, including over 190 employee-

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owners, who operate out of 13 offices in 10 countries, of which the largest offices are in Los Angeles (headquarters), London, New York and Hong Kong.

Oaktree Capital Group, LLC is a Delaware limited liability company that was formed in 2007. Before 2007, our business was operated through our predecessor, Oaktree Capital Management, LLC, which was formed in 1995. Our principal executive offices are located at 333 South Grand Avenue, 28th Floor, Los Angeles, CA 90071, and our telephone number is (213) 830-6300.

RATIO OF COMBINED FIXED CHARGES AND PREFERENCE DIVIDENDS TO EARNINGS

We have no preferred units outstanding.

USE OF PROCEEDS

Unless otherwise specified in a prospectus supplement or a free writing prospectus prepared in connection with an offering of securities pursuant to this prospectus, the net proceeds from the sale of the securities to which this prospectus relates will be used for general corporate purposes. General corporate purposes may include repayment, repurchase or redemption of debt, acquisitions, additions to working capital, capital expenditures and investments in our subsidiaries. Net proceeds may be temporarily invested or temporarily used to repay indebtedness before deployment for their intended purposes.

We will not receive any of the proceeds from the sale of securities to which this prospectus relates that are offered by any selling securityholders.

SELLING SECURITYHOLDERS

Information about selling securityholders, where applicable, will be set forth in a prospectus supplement, in a post-effective amendment or in filings we make with the SEC under the Exchange Act that are incorporated by reference into this prospectus.

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DESCRIPTION OF UNITS

General

The following is a summary of some of the terms of our units, the material provisions of the Third Amended and Restated Operating Agreement of Oaktree Capital Group, LLC, which provides for the issuance of our units (our operating agreement), and certain relevant provisions of the Delaware Limited Liability Company Act (the Act). The following summary is not complete and is subject to, and qualified in its entirety by reference to, all of the provisions of our operating agreement, a copy of which has been incorporated by reference herein and which you may obtain as described under Where You Can Find More Information and Incorporation by Reference, and the Act. As of April 30, 2013, there were 30,189,441 Class A units outstanding, 120,813,876 Class B units outstanding and no preferred units outstanding.

Our operating agreement authorizes our board of directors to issue an unlimited number of additional units and options, rights, warrants and appreciation rights relating to such units for consideration or for no consideration and on the terms and conditions established by our board of directors in its sole discretion without the approval of any Class A unitholders. These additional securities may be used for a variety of purposes, including future offerings to raise additional capital, acquisitions and equity incentive plans. Our operating agreement currently authorizes the issuance of Class A and Class B units.

Class A Units

All of our outstanding Class A units are duly issued. Upon payment in full of the consideration payable upon original issuance with respect to our Class A units, as determined by our board of directors, the holders of such units will not be liable to us to make any additional capital contributions with respect to such units (except as otherwise required by Sections 18-607 and 18-804 of the Act). No holder of our Class A units is entitled to preemptive, redemption or conversion rights.

Voting Rights

Holders of Class A units are entitled to one vote per unit held of record on all matters submitted to a vote of our unitholders. Generally, all matters to be voted on by our unitholders must be approved by a majority (or, in the case of election of directors when the Oaktree control condition (as defined below) is no longer satisfied, by a plurality) of the votes entitled to be cast by all Class A units and Class B units present in person or represented by proxy at a meeting of unitholders, voting together as a single class.

Distribution Rights

Holders of Class A units share ratably (based on the number of units held) in any distribution authorized by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on distributions and to any restrictions on distributions imposed by the terms of any outstanding preferred units.

Liquidation Rights

Upon our dissolution, liquidation or winding up, after payment in full of all amounts required to be paid to creditors and to the holders of preferred units having liquidation preferences, if any, the holders of our Class A units and any other equity securities we may subsequently issue that are pari passu with our Class A units will be entitled to receive our remaining assets available for distribution in proportion to the Class A units and other equity securities held by

them as of a record date determined by the liquidator.

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Other Matters

Under our operating agreement, in the event that our board of directors determines that we should seek relief pursuant to Section 7704(e) of the Code (as defined below) to preserve our status as a partnership for U.S. federal (and applicable state) income tax purposes, we and each of our unitholders will be required to agree to adjustments required by the tax authorities, and we will pay such amounts as required by the tax authorities to preserve our status as a partnership.

Class B Units

All of our Class B units have been duly issued and are held by OCGH, which is controlled by our principals. No holder of Class B units is entitled to preemptive, redemption or conversion rights.

Voting Rights

Holders of our Class B units are entitled to ten votes per unit held of record on all matters submitted to a vote of our unitholders. However, in the event that the Oaktree control condition is no longer satisfied, our Class B units will be entitled to only one vote per unit. Generally, all matters to be voted on by our unitholders must be approved by a majority (or, in the case of election of directors when the Oaktree control condition is no longer satisfied, a plurality) of the votes entitled to be cast by all Class A units and Class B units present in person or represented by proxy at a meeting of unitholders, voting together as a single class.

Distribution Rights

Holders of our Class B units do not have any right to receive distributions other than distributions consisting of Class B units paid proportionally with respect to each outstanding Class B unit.

Liquidation Rights

Upon our liquidation, dissolution or winding up, no holder of Class B units has any right to receive distributions in respect of its Class B units.

Preferred Units

Our operating agreement authorizes our board of directors to establish one or more series of preferred units. Unless required by law or by any securities exchange on which our units are listed for trading, the authorized preferred units will be available for issuance without further action by Class A unitholders. Our board of directors is able to determine, with respect to any series of preferred units, the terms and rights of that series, including:

- the designation of the series;
- the number of preferred units of the series;
- whether distributions, if any, will be cumulative or non-cumulative and the distribution rate of the series;

the dates at which distributions, if any, will be payable;

the redemption rights and price or prices, if any, for preferred units of the series;

the terms and amounts of any sinking fund provided for the purchase or redemption of the preferred units of the series;

the amounts payable on preferred units of the series in the event of our liquidation or dissolution;

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whether the preferred units of the series will be convertible into or exchangeable for interests of any other class or series or any other security of our company or any other entity;

restrictions on the issuance of preferred units of the series or of any units of any other class or series; and

the voting rights, if any, of the holders of the preferred units of the series.

We could issue a series of preferred units that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of the holders of Class A units might believe to be in their best interests or in which holders of Class A units might receive a premium for their Class A units over the market price of the Class A units.

Class Structure

Our Class B units have ten votes per unit, while our Class A units have one vote per unit. All of our Class B units, representing 97.6% of the voting power of our outstanding membership interests as of April 30, 2013, are controlled indirectly by our principals through their control of OCGH. Because of our dual-class structure, our principals are able to control all matters submitted to our unitholders for approval even if OCGH owns significantly less than 50% of our outstanding units. This concentrated control could discourage others from initiating any potential merger, takeover or other change of control transaction that other unitholders may view as beneficial.

Listing and Trading

Our Class A units are listed on the New York Stock Exchange under the trading symbol OAK.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A units is American Stock Transfer & Trust Company.

Our Operating Agreement

Organization and Duration

We were formed in Delaware on April 13, 2007 and will remain in existence until dissolved in accordance with our operating agreement and the Act.

Purpose

Under our operating agreement, we are permitted to engage in any business activity that lawfully may be conducted by a limited liability company organized under Delaware law and to conduct any and all activities related to such business activity.

Agreement to be Bound by Our Operating Agreement; Power of Attorney

By purchasing a Class A unit, you will be admitted as a member of Oaktree Capital Group, LLC and become bound by the terms of our operating agreement. Pursuant to our operating agreement, each unitholder and each person who acquires a Class A unit from a unitholder grants to us (and, if appointed, to a liquidator) a power of attorney to, among

other things, execute and file documents required for our qualification, continuance or dissolution. The power of attorney also grants us the authority to make certain amendments to, and to make consents and waivers under, our operating agreement and certificate of formation, in each case in accordance with our operating agreement.

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Duties of Officers, Directors and Manager

Our operating agreement provides that our business and affairs be managed under the direction of our board of directors, which has the power to appoint our officers. Our operating agreement further provides that the authority and function of our board of directors and officers are identical to the authority and functions of a board of directors and officers of a corporation organized under the Delaware General Corporation Law (DGCL), except as expressly modified by the terms of the operating agreement. Finally, our operating agreement provides that, except as specifically provided therein, the fiduciary duties and obligations owed to us and to our unitholders are the same as the respective duties and obligations owed by officers and directors of a corporation organized under the DGCL to their corporation and stockholders, respectively. Our manager, whose only function is to designate the members of our board of directors so long as our principals, or their successors or affiliated entities (other than us or our subsidiaries), including OCGH, collectively hold, directly or indirectly, at least 10% of the aggregate outstanding Oaktree Operating Group units (the Oaktree control condition), does not owe any duties to our unitholders.

There are certain provisions in our operating agreement regarding exculpation and indemnification of our officers, directors and manager that differ from the DGCL.

First, our operating agreement provides that our officers and directors will be liable to us or our unitholders for an act or omission only if such act or omission constitutes a breach of the duties owed to us or our unitholders, as applicable, by any such officer or director and such breach is the result of (1) willful malfeasance, gross negligence, the commission of a felony or a material violation of law, in each case, that has or could reasonably be expected to have a material adverse effect on us or (2) fraud, and that our manager will not be liable to us or our unitholders for its actions. Moreover, we have agreed to indemnify our officers, directors and manager to the fullest extent permitted by law, against all expenses and liabilities (including judgments, fines, penalties, interest, amounts paid in settlement with our approval and counsel fees and disbursements) arising from the performance of any of their obligations or duties in connection with their service to us, including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such person may be made a party by reason of being or having been one of our officers or directors or our manager, except for any expenses or liabilities that have been finally judicially determined to have arisen primarily from acts or omissions which violate the standard set forth in the preceding sentence. Under the DGCL, a corporation can only indemnify officers and directors for acts or omissions if any such officer or director acted in good faith and in a manner he reasonably believed to be in the best interest of the corporation and, in a criminal action, if the officer or director had no reasonable cause to believe his conduct was unlawful.

Second, our operating agreement provides that, in the event of an existing or potential conflict of interest involving OCGH, our directors or their respective affiliates, a resolution or course of action by our directors or their affiliates will be deemed approved by all our unitholders, and will not constitute a breach of our operating agreement or any duty (including any fiduciary duty), if such resolution or course of action is approved by a majority of the total voting power of all our outstanding Class A and Class B units held by disinterested unitholders or a majority of our directors who are not employed by us, our subsidiaries or our affiliates controlled by our principals or meets certain standards as described in Conflicts of Interest below. Under the DGCL, a corporation is not permitted to automatically exempt board members from claims of breach of fiduciary duty under such circumstances. In addition, our operating agreement provides that all conflicts of interest described in this prospectus are deemed to have been specifically approved by all our unitholders who acquire units on or after the date of our April 2012 initial public offering.

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Election of Members of Our Board of Directors

Our board of directors consists of 13 directors. For so long as the Oaktree control condition is satisfied, the size of our board of directors will be determined, and the directors will be designated, by our manager. Directors serve until their successors are duly elected or appointed and qualified, or until their earlier death, disability, resignation or removal from office. Any vacancy on our board of directors, including any vacancy arising from the creation of a new directorship, will be filled by our manager. While our Class A and Class B units vote together as a single class on all matters submitted to a vote of unitholders, including certain amendments of our operating agreement, our operating agreement does not obligate us to hold annual meetings for any purpose so long as the Oaktree control condition is satisfied.

After the Oaktree control condition is no longer satisfied, the size of our board of directors will be set by resolution of our board of directors, and directors will be elected by the vote of a plurality of our outstanding Class A and Class B units, voting together as a single class, to serve until our next annual meeting is held and until their successor is duly elected or appointed and qualified or until their earlier death, disability, resignation or removal from office. After the Oaktree control condition is no longer satisfied, any vacancy arising from the creation of a new directorship may be filled by a majority of the remaining directors or, if there are no directors in office, the vote of a plurality of our outstanding Class A and Class B units voting together as a single class.

Removal of Members of Our Board of Directors

Any director or the entire board of directors may be removed, with or without cause, at any time, by our manager for so long as the Oaktree control condition is satisfied. The vacancy in our board of directors caused by any such removal will be filled by our manager. After the Oaktree control condition is no longer satisfied, any director or the entire board of directors may be removed, with or without cause, at any time, by the affirmative vote of holders of a majority of our outstanding Class A and Class B units, voting together as a single class. The vacancy in our board of directors caused by any such removal will be filled by the vote of a plurality of our outstanding Class A and Class B units, voting together as a single class.

Limited Liability

Delaware law provides that a member who receives a distribution from a Delaware limited liability company and knew at the time of the distribution that the distribution was in violation of Delaware law will be liable to the company for three years for the amount of the distribution. Under Delaware law, a limited liability company may not make a distribution to a member if, after the distribution, all liabilities of the company, other than liabilities to members on account of their limited liability company interests and liabilities for which the recourse of creditors is limited to specific property of the company, would exceed the fair value of the assets of the company. For the purpose of determining the fair value of the assets of a company, Delaware law provides that the fair value of property subject to liability for which recourse of creditors is limited is included in the assets of the company only to the extent that the fair value of that property exceeds the nonrecourse liability. Under Delaware law, an assignee who becomes a substituted member of a company is liable for the obligations of the assignor to make contributions to the company, except the assignee is not obligated for liabilities unknown to the assignee at the time the assignee became a member and that could not be ascertained from our operating agreement.

Amendment of Our Operating Agreement

Amendments to our operating agreement may be proposed only by or with the consent of our board of directors. To adopt a proposed amendment and except as set forth below, our board of directors is required to seek written approval

of the holders of the number of units required to approve

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the amendment or call a meeting of our unitholders to consider and vote upon the proposed amendment. Except as set forth below an amendment must be approved by holders of a majority of the total combined voting power of our outstanding Class A and Class B units, voting together as a single class, and to the extent that such amendment would have a material adverse effect on the holders of any class or series of units, by the holders of a majority of the holders of such class or series. Issuances of units with rights superior to those of our then-outstanding units of any class or series or having a dilutive effect on our then-outstanding units will not be deemed to have a material adverse effect on the holders of the outstanding units.

Prohibited Amendments

No amendment may be made that would:

- enlarge the obligations of any unitholder without such unitholder s consent, unless approved by at least a majority of the class or series of units so affected;
- change the provision in our operating agreement that provides that we will be dissolved upon an election to dissolve us by our board of directors that is approved by holders of a majority of the total combined voting power of our outstanding Class A and Class B units, voting together as a single class;
- change our term of existence; or
- give any person the right to dissolve us other than our board of directors right to dissolve us with the approval of holders of a majority of the total combined voting power of our outstanding Class A and Class B units, voting together as a single class.

The provision of our operating agreement preventing the amendments having the effects described in any of the clauses above can be amended upon the approval of holders of at least two-thirds of the total combined voting power of our outstanding Class A and Class B units, voting together as a single class.

No Unitholder Approval

Our board of directors may generally make amendments to our operating agreement without the approval of any unitholder (including a unitholder that may be materially and adversely affected by such amendments) to reflect:

- a change in our name, the location of our principal place of our business, our registered agent or our registered office;
- the admission, substitution, resignation or removal of unitholders in accordance with our operating agreement;

the merger of us or any of our subsidiaries into, or the conveyance of all of our assets to, a newly formed entity, if the sole purpose of that merger or conveyance is to effect a mere change in our legal form into another limited liability entity;

a change that our board of directors determines in its sole discretion to be necessary or appropriate for us to qualify or continue our qualification as a company in which our members have limited liability under the laws of any state or to ensure that neither we nor any of our subsidiaries will be treated as an association taxable as a corporation or otherwise taxed as an entity for U.S. federal income tax purposes, other than as we specifically so designate;

a change that our board of directors determines in its sole discretion to be necessary or appropriate to address changes in U.S. federal income tax regulations, legislation or interpretation;

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an amendment that our board of directors determines, based upon the advice of counsel, to be necessary or appropriate to prevent us, members of our board of directors, or our officers, agents or trustees from having a material risk of being in any manner subjected to the provisions of the U.S. Investment Company Act of 1940, as amended (the Investment Company Act), the U.S. Investment Advisers Act of 1940, as amended, Title I of ERISA (as defined below), Section 4975 of the Code or any applicable similar law currently applied or proposed;

an amendment or issuance that our board of directors determines in its sole discretion to be necessary or appropriate for the authorization of additional securities;

any amendment expressly permitted in our operating agreement to be made by our board of directors acting alone;

an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of our operating agreement;

any amendment that our board of directors determines in its sole discretion to be necessary or appropriate for the formation by us of, or our investment in, any corporation, partnership or other entity, as otherwise permitted by our operating agreement;

an amendment effected, necessitated or contemplated by an amendment to the operating agreement or other governing document of one of our direct subsidiaries that requires the equity holders of such subsidiary to provide a statement, certification or other proof of evidence to the subsidiary regarding whether such equity holder is subject to U.S. federal income taxation on the income generated by such subsidiary;

a change in our fiscal year or taxable year and related changes that our board of directors determines to be necessary, desirable or appropriate as a result of a change in our fiscal year or taxable year; and

any other amendments substantially similar to any of the matters described in the clauses above.

In addition, our board of directors may make any amendment to our operating agreement without the approval of any unitholder (including a unitholder that may be materially and adversely affected by any such amendment) if our board of directors in its sole discretion determines that the amendment:

does not adversely affect our unitholders as a whole (including any particular class or series of units as compared to other classes or series of units) in any material respect;

is necessary, desirable or appropriate to satisfy any requirement, condition or guideline contained in any opinion, directive, order, ruling or regulation of any U.S. federal or state or non-U.S. agency or judicial

authority or contained in any U.S. federal or state or non-U.S. statute;

is necessary, desirable or appropriate to facilitate the trading of units or to comply with any rule, regulation, guideline or requirement of any securities exchange or market on which our units are or will be listed for trading, compliance with any of which our board of directors deems to be in the best interests of us and our unitholders;

is necessary or appropriate for any action taken by our board of directors relating to splits or combinations of units under the provisions of our operating agreement; or

is required to effect the intent expressed in the S-1 registration statement for our 2012 initial public offering or the intent of the provisions of our operating agreement or is otherwise contemplated by our operating agreement.

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Merger, Sale or Other Disposition of Assets

If certain conditions specified in our operating agreement are satisfied, our board of directors may convert or merge us or any of our subsidiaries into, or convey all of our assets to, a newly formed limited liability entity, in each case without any approval of our unitholders, if the sole purpose of the conversion, merger or conveyance is to effect a mere change in our legal form into another limited liability entity. All other mergers, consolidations and other business combinations require the approval of both our board of directors and a majority of the total combined voting power of all of our outstanding Class A and Class B units, voting together as a single class. Our unitholders are not entitled to dissenters rights of appraisal under our operating agreement or applicable Delaware law in the event of a merger, consolidation or other business combination, a conversion or a sale of all or substantially all of our assets or any other similar transaction or event.

Grantor Trust

In the future, our board of directors may consider implementing a reorganization without the consent of our unitholders whereby a Delaware statutory trust would hold all of our outstanding Class A units and each of our Class A unitholders would receive units of the trust in exchange for its Class A units. Our board of directors has the power to decide in its sole discretion to implement such a trust structure. Our trust would be treated as a grantor trust for U.S. federal income tax purposes. As such, for U.S. federal income tax purposes, each investor would be treated as the beneficial owner of a pro rata portion of the units held by the trust and our unitholders would receive annual tax information relating to their investment on Form 1099 (or substantially similar forms as required by law), rather than on Schedule K-1. Our board of directors will not implement such a trust structure if, in its sole discretion, it determines that the reorganization would be taxable or otherwise alter the benefits or burdens of ownership of our Class A units, including a unitholder s allocation of items of income, gain, loss, deduction or credit or the treatment of such items for U.S. federal income tax purposes. Our board of directors will also be required to implement the reorganization in a manner that does not have a material effect on the voting and economic rights of our Class A and Class B units.

The IRS could challenge the trust s manner of reporting to investors (for example, if the IRS asserts that the trust constitutes a partnership or is ignored for U.S. federal income tax purposes). In addition, the trust could be subject to penalties if it were determined that the trust did not satisfy applicable reporting requirements.

Limited Call Right

If at any time less than 10% of the then issued and outstanding units of any class or series, including our Class A units, are held by unitholders other than our principals, their successors or entities controlled by them, we will have the right, which we may assign in whole or in part to any of our affiliates, to acquire all, but not less than all, of the remaining units of the class or series held by such unitholders as of a record date to be selected by us, on at least ten but not more than 60 days notice. The purchase price in the event of this purchase will be the greater of:

- the average daily closing price on the primary securities exchange on which units of such class or series are traded for the 20 business days preceding the date that is three days before the date the notice is mailed; and

- the highest cash price paid by us or any of our affiliates for any unit of the class or series purchased within the 90 days preceding the date on which we first mail notice of our election to purchase those units.

As a result of our right to purchase outstanding units, a unitholder may have his or her units purchased at an undesirable time or price. The tax consequences to a unitholder of the exercise of this

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call right are the same as a sale by that unitholder of his units in the market. See Material U.S. Federal Tax Considerations Consequences to U.S. Holders of Class A Units Sale or Exchange of Class A Units.

Termination and Dissolution

We will continue as a limited liability company until terminated under our operating agreement. We will dissolve:

- upon the election of our board of directors to dissolve us, if approved by holders of a majority of the total combined voting power of all of our outstanding Class A and Class B units, voting together as a single class;
- upon the entry of a decree of judicial dissolution; or
- at any time that we no longer have any members, unless our business is continued in accordance with Delaware law.

Election to be Treated as a Corporation

If our board of directors determines that it is no longer in our best interests to continue as a partnership for U.S. federal income tax purposes, our board of directors may elect to treat us as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state) income tax purposes.

Books and Reports

We are required to keep appropriate books of our business at our principal offices. The books are maintained for both tax and financial reporting purposes on an accrual basis. Our fiscal year is the calendar year ending December 31. Our board of directors in its sole discretion may change our fiscal year at any time as may be required or permitted under the Code or applicable U.S. Treasury Regulations. It may require a substantial period of time after the end of our fiscal year to obtain the requisite information from all lower-tier entities to enable us to prepare and deliver Schedule K-1s to IRS Form 1065. We expect to provide estimates of such tax information (including your allocable share of our income, gain, loss and deduction for our preceding year) by February 28 of each year; however, there is no assurance that the Schedule K-1s, which will be provided after the estimates, will be the same as our estimates. For this reason, holders of Class A units who are U.S. taxpayers may want to file annually with the IRS (and certain states) a request for an extension past the due date of their income tax returns. See Material U.S. Federal Tax Considerations Administrative Matters Information Returns.

Unrestricted Ability to Issue Additional Securities

Our operating agreement authorizes us to issue additional securities, including preferred units entitled to a preference or priority over our Class A units in the right to share in our distributions, for the consideration (or for no consideration) and on the terms and conditions established by our board of directors without the approval of any of our unitholders. These additional securities may be used for a variety of purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. Our ability to issue additional Class A units and other equity securities could render more difficult or discourage an attempt to obtain control over us, including those attempts that might result in a premium over the market price for the interests held by our unitholders or that a unitholder might consider to be in its best interest.

Conflicts of Interest

In general, whenever an actual or potential conflict of interest arises between OCGH, one or more of our directors or their respective affiliates, on the one hand, and us, one or more of our subsidiaries

or one or more of our other Class A unitholders, on the other hand, any resolution or course of action taken by our directors or their respective affiliates will be deemed approved by all of our unitholders and will not constitute a breach of our operating agreement or any legal or equitable duty (including any fiduciary duty) if the resolution or course of action in respect of the conflict of interest is:

- approved by a majority of the votes entitled to be cast by all disinterested unitholders;
- on terms no less favorable to us or our subsidiaries or our unitholders than those generally being provided to or available from unrelated third parties;
- fair and reasonable to us taking into account the totality of the relationships among the parties involved; or
- approved by a majority of our directors who are not employed by us, our subsidiaries or our affiliates controlled by our principals.

Failure to seek the approval of our unitholders or outside directors described above will not be deemed to indicate that a conflict of interest exists or that approval could not have been obtained. If our board of directors determines that any resolution or course of action satisfies the second or third standards described above, it will be presumed that our board of directors acted in good faith in making such determination, and a Class A unitholder seeking to challenge our board of directors determination would bear the burden of overcoming this presumption.

Any conflicts of interest described in this prospectus will be deemed approved by our unitholders who acquire units and will not constitute a breach of our operating agreement or any legal, equitable or other duty.

In addition to the provisions relating to conflicts of interest, our operating agreement contains provisions that waive or consent to conduct by us, our manager, our directors or our affiliates that might otherwise raise issues about compliance with fiduciary duties or otherwise applicable law. For example, our operating agreement provides that when we, our board of directors or our manager is permitted or required to make a decision in its sole discretion or discretion or that it deems necessary or appropriate or necessary or advisable or under a grant of similar authority or latitude, then, to the fullest extent permitted by law, we, our board of directors or our manager, as the case may be, may make such decision in its sole discretion (regardless of whether there is a reference to sole discretion or discretion), and will be entitled to consider only such interests and factors as it desires, including its own interests, and will have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting us or any Class A unitholders, and will not be subject to any other or different standards imposed by our operating agreement, any other agreement contemplated thereby, under the Act, the DGCL or under any other law or in equity, but in all circumstances must exercise such discretion in good faith. These modifications of fiduciary duties are expressly permitted by Delaware law. Hence, we and our Class A unitholders will only have recourse and be able to seek remedies against our directors if our directors breach their obligations pursuant to our operating agreement. Unless our directors breach their obligations pursuant to our operating agreement, we and our Class A unitholders will not have any recourse even if our directors were to act in a manner that was inconsistent with traditional fiduciary duties. Furthermore, even if there has been a breach of the obligations set forth in our operating agreement, our operating agreement provides that our directors will not be liable to us or our Class A unitholders for errors of judgment or for any acts or omissions unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that such breach is the result of (1) willful malfeasance, gross negligence, the

commission of a felony or a material violation of law, in each case, that has resulted or could reasonably be expected to have a material adverse effect on us or (2) fraud. In addition, our operating agreement provides that our manager will owe no duties to us or our unitholders and will have no

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liability to us or any unitholder for monetary damages or otherwise for its actions. These modifications are detrimental to the Class A unitholders because they restrict the remedies available to Class A unitholders for actions that without those limitations might constitute breaches of duty (including fiduciary duty).

Conflicts of interest could arise in the situations described below, among others.

Actions taken by our board of directors may affect the amount of cash flow from operations available for distribution to our Class A unitholders.

The amount of cash flow from operations that is available for distribution to our Class A unitholders is affected by decisions of our board of directors regarding such matters as:

- amount and timing of cash expenditures, including those relating to compensation;
- amount and timing of investments and dispositions;
- levels of indebtedness;
- tax matters;
- levels of reserves;
- issuance of additional equity securities, including Class A units, or additional Oaktree Operating Group units; and
- possible repurchases of our Class A units in open market transactions, in privately negotiated transactions or otherwise.

Our Class A unitholders have no right to enforce obligations of our affiliates under agreements with us.

Any agreements between us, on the one hand, and our affiliates, on the other, do not and will not grant to the Class A unitholders, separate and apart from us, the right to enforce the obligations of our affiliates in our favor.

Contracts between us, on the one hand, and our affiliates, on the other, will not be the result of arm s-length negotiations.

Neither our operating agreement nor any of the other agreements, contracts and arrangements between us, on the one hand, and our affiliates, on the other, are or will be the result of arm s-length negotiations. Our board of directors will determine the terms of any of these transactions on terms that it considers are fair and reasonable to us.

We may choose not to retain separate counsel for ourselves or for the holders of Class A units.

Attorneys, independent accountants and others who perform or will perform services for us are selected by our board of directors and may perform services for us and our affiliates. We may retain separate counsel for ourselves or our Class A unitholders in the event of a conflict of interest between our affiliates, on the one hand, and us or our Class A unitholders, on the other, depending on the nature of the conflict, but are not required to do so.

Certain of our subsidiaries have obligations to investors in our funds and may have obligations to other third parties that may conflict with your interests.

Our subsidiaries that serve as the general partners of our funds have fiduciary and contractual obligations to the investors in those funds and some of our subsidiaries may have contractual duties to

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other third parties. As a result, we expect to regularly take actions with respect to the allocation of investments among our funds (including funds that have different fee structures), the purchase or sale of investments in our funds, the structuring of investment transactions for those funds, the advice we provide or otherwise that comply with these fiduciary and contractual obligations. In addition, certain of our directors, officers and employees have made personal investments in a variety of our funds, which may result in conflicts of interest among investors in our funds or our unitholders regarding investment decisions for these funds. Some of these actions might at the same time adversely affect our near-term results of operations or cash flow.

U.S. federal income tax considerations of the OCGH unitholders may conflict with your interests.

Because the OCGH unitholders (including certain of our directors, officers and employees) indirectly hold their Oaktree Operating Group units through entities that are not subject to corporate income taxation, and we hold Oaktree Operating Group units indirectly through wholly owned subsidiaries, two of which are subject to corporate income taxation, conflicts may arise between us and the OCGH unitholders relating to the selection and structuring of investments. Our Class A unitholders are deemed to expressly acknowledge that our board of directors is under no obligation to consider the separate interests of the Class A unitholders, including among other things the tax consequences to our Class A unitholders, in deciding whether to cause us to take or decline to take any actions.

Meetings of Unitholders; Action Without a Meeting

We are not required under our operating agreement to hold regular meetings of our unitholders. Meetings may be called by a majority of our board of directors. Generally, all matters to be voted on by our unitholders must be approved by a majority (or, in the case of election of directors if the Oaktree control condition is no longer satisfied, a plurality) of the votes entitled to be cast by all Class A and Class B units present in person or represented by proxy at a meeting of unitholders, voting together as a single class. Under Delaware law, we may hold unitholder meetings in person or by conference call.

In addition, any action that may be taken at a meeting of our unitholders may instead be taken upon the written approval of unitholders representing not less than the minimum percentage of the votes entitled to be cast by all Class A and Class B units that would be necessary to authorize or take such action at a meeting at which all of our unitholders were present and voted. Actions by written approval may be taken without a meeting, without a vote and without prior notice.

Transfer Restrictions

Transfers of our Class A units may only occur in accordance with the procedures set forth in our operating agreement. Our Class A units may not be transferred in any transaction that would:

violate then-applicable U.S. federal or state securities laws or regulations or any governmental authority with jurisdiction over the transfer;

terminate our existence or qualification under the laws of any jurisdiction;

cause us to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent that we are not already so treated or taxed); or

require us to become subject to the registration requirements of the Investment Company Act.

To the fullest extent permitted by law, a purported transfer of Class A units in violation of the restrictions set forth in our operating agreement will be null and void, and we will not be required to and will not recognize the transfer. In the event of a purported transfer prohibited by our operating

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agreement, we may, in our discretion, require that the purported transferor take steps to unwind, cancel or reverse the purported transaction. The purported transferee will have no rights or economic interest in the Class A units. In addition, we may, in our discretion, redeem the Class A units or cause the transfer of the Class A units to a third party and distribute the proceeds of the sale (net of any expenses) to the purported transferor.

Non-Citizen Assignee; Redemption

If we or our affiliates are or become subject to federal, state or local laws or regulations that in our determination create a substantial risk of cancellation or forfeiture of any property in which we or the affiliate has an interest because of the nationality, citizenship or other related status of any Class A unitholder, we may redeem the Class A units held by that holder at their current market price. To avoid any cancellation or forfeiture, we may require each Class A unitholder to furnish information about such unitholder s nationality, citizenship or related status or the nationality, citizenship or related status of any beneficial owner of such holder s Class A units. If a Class A unitholder fails to furnish information about its nationality, citizenship or other related status within 30 days after a request for the information or we determine, with the advice of counsel, after receipt of the information that the Class A unitholder is not an eligible citizen, we may redeem or require a transfer of the unitholder s Class A units. Pending such a transfer or redemption, the unitholder s right to vote or receive distributions in respect of the Class A units may be suspended.

DESCRIPTION OF DEPOSITARY UNITS

This section describes the general terms and provisions of the depositary units. The applicable prospectus supplement will describe the specific terms of the depositary units offered by that prospectus supplement and any general terms outlined in this section that will not apply to those depositary units.

We may issue depositary receipts representing fractional interests in a particular series of preferred units, which we refer to as depositary units. We will deposit the series of preferred units that are the subject of depositary units with a bank, trust company or other financial institution to be named as depositary in the applicable prospectus supplement, which will hold the preferred units for the benefit of the holders of the depositary units, in accordance with one or more deposit agreements between the depositary and us. The holders of depositary units will be entitled to all the rights and preferences of the preferred units to which the depositary units relate, including distribution, voting, conversion, redemption and liquidation rights, to the extent of their interests in the preferred units.

While the deposit agreement relating to a particular series of preferred units may have provisions applicable solely to that series of preferred units, all deposit agreements relating to preferred units we issue will include the following provisions:

Distributions

Each time we pay a cash distribution with regard to preferred units of a series, the depositary will distribute to the holder of record of each depositary unit relating to that series of preferred units an amount equal to the distribution per depositary unit the depositary receives. If there is a distribution of property other than cash, the depositary either will distribute the property to the holders of depositary units in proportion to the depositary units held by each of them or the depositary will, if we approve, sell the property and distribute the net proceeds to the holders of the depositary units in proportion to the depositary units held by them.

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Withdrawal of Preferred Units

A holder of depositary units will be entitled to receive, upon surrender of depositary receipts representing depositary units, the number of whole or fractional units of the applicable series of preferred units, and any money or other property, to which the depositary units relate.

Redemption of Depositary Units

Whenever we redeem preferred units held by a depositary, the depositary will be required to redeem, on the same redemption date, depositary units constituting, in total, the number of preferred units held by the depositary that we redeem, subject to the depositary s receiving the redemption price of those preferred units. If fewer than all the depositary units relating to a series are to be redeemed, the depositary units to be redeemed will be selected by lot or by another method we determine in our discretion to be equitable.

Voting

Any time we send a notice of meeting or other materials relating to a meeting to the holders of a series of preferred units to which depositary units relate, we will provide the depositary with sufficient copies of those materials so they can be sent to all holders of record of the applicable depositary units, and the depositary will send those materials to the holders of record of the depositary units on the record date for the meeting. The depositary will solicit voting instructions from holders of depositary units and will vote or not vote the preferred units to which the depositary units relate in accordance with those instructions.

Liquidation Preference

Upon our liquidation, dissolution or winding up, the holder of a depositary unit will be entitled to what the holder of the depositary unit would have received if the holder had owned the number of preferred units (or fraction of a unit) that is represented by the depositary unit.

Conversion

If a series of preferred units are convertible into Class A units or other of our securities or property, holders of depositary units relating to that series of preferred units will, if they surrender depositary receipts representing depositary units and appropriate instructions to convert them, receive the Class A units or other securities or property into which the number of preferred units (or fractions of units) to which the depositary units relate could at the time be converted.

Amendment and Termination of a Deposit Agreement

We and the depositary may amend a deposit agreement, except that an amendment that materially and adversely affects the rights of holders of depositary units, or would be materially and adversely inconsistent with the rights granted to the holders of the preferred units to which they relate, must be approved by holders of at least two-thirds of the outstanding depositary units. No amendment will impair the right of a holder of depositary units to surrender the depositary receipts evidencing those depositary units and receive the preferred units to which they relate, except as required to comply with law. We may terminate a deposit agreement with the consent of holders of a majority of the depositary units to which it relates. Upon termination of a deposit agreement, the depositary will make the whole or fractional units of preferred units to which the depositary units issued under the deposit agreement relate available to the holders of those depositary units. A deposit agreement will automatically terminate if:

All outstanding depositary units to which it relates have been redeemed or converted; and/or

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The depositary has made a final distribution to the holders of the depositary units issued under the deposit agreement upon our liquidation, dissolution or winding up.

Miscellaneous

There will be provisions: (1) requiring the depositary to forward to holders of record of depositary units any reports or communications from us that the depositary receives with respect to the preferred units to which the depositary units relate; (2) regarding compensation of the depositary; (3) regarding resignation of the depositary; (4) limiting our liability and the liability of the depositary under the deposit agreement (usually for failure to act in good faith, gross negligence or willful misconduct); and (5) indemnifying the depositary against certain possible liabilities.

DESCRIPTION OF WARRANTS

We may issue warrants to purchase equity securities. We may issue warrants independently or together with any offered securities. The warrants may be attached to or separate from those offered securities. We will issue the warrants pursuant to one or more warrant agreements to be entered into between us and a bank, trust company or other financial institution to be named in the applicable prospectus supplement, as warrant agent, all as described in the applicable prospectus supplement. The warrant agent will act solely as our agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.

The prospectus supplement relating to any warrants that we may offer will contain the specific terms of the warrants. These terms may include the following:

the title of the warrants;

the designation, amount and terms of the securities for which the warrants are exercisable;

the designation and terms of the other securities, if any, with which the warrants are to be issued and the number of warrants issued with each other security;

the price or prices at which the warrants will be issued;

the aggregate number of warrants;

any provisions for adjustment of the number or amount of securities receivable upon exercise of the warrants or the exercise price of the warrants;

the price or prices at which the securities purchasable upon exercise of the warrants may be purchased;

if applicable, the date on and after which the warrants and the securities purchasable upon exercise of the warrants will be separately transferable;

if applicable, a discussion of the material U.S. federal income tax considerations applicable to the exercise of the warrants;

any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants;

the date on which the right to exercise the warrants will commence, and the date on which the right will expire;

the maximum or minimum number of warrants that may be exercised at any time; and

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information with respect to book-entry procedures, if any.

Exercise of Warrants

Each warrant will entitle the holder of warrants to purchase for cash the amount of equity securities, at the exercise price stated or determinable in the prospectus supplement for the warrants. Warrants may be exercised at any time up to the close of business on the expiration date shown in the applicable prospectus supplement, unless otherwise specified in such prospectus supplement. After the close of business on the expiration date, unexercised warrants will become void. Warrants may be exercised as described in the applicable prospectus supplement. When the warrant holder makes the payment and properly completes and signs the warrant certificate at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement, we will, as soon as possible, forward the equity securities that the warrant holder has purchased. If the warrant holder exercises the warrant for less than all of the warrants represented by the warrant certificate, we will issue a new warrant certificate for the remaining warrants.

DESCRIPTION OF SUBSCRIPTION RIGHTS

We may issue subscription rights to purchase Class A units, preferred units or other securities pursuant to one or more subscription rights certificates or subscription rights agreements. These subscription rights may be issued independently or together with any other security offered by us and may or may not be transferable by the securityholder receiving the subscription rights in such offering. In connection with any offering of subscription rights, we may enter into a standby arrangement with one or more underwriters or other purchasers pursuant to which the underwriters or other purchasers may be required to purchase any securities remaining unsubscribed for after such offering.

The applicable prospectus supplement will describe the specific terms of any offering of subscription rights for which this prospectus is being delivered, including the following:

the price, if any, for the subscription rights;

the exercise price payable for each Class A unit, preferred unit or other security upon the exercise of the subscription right;

the number of subscription rights issued to each securityholder;

the number and terms of each Class A unit, preferred unit or other security that may be purchased per each subscription right;

any provisions for adjustment of the number or amount of securities receivable upon exercise of the subscription rights or the exercise price of the subscription rights;

the extent to which the subscription rights are transferable;

any other terms of the subscription rights, including the terms, procedures and limitations relating to the exchange and exercise of the subscription rights;

the date on which the right to exercise the subscription rights shall commence, and the date on which the subscription rights shall expire;

the extent to which the subscription rights may include an over-subscription privilege with respect to unsubscribed securities; and

if applicable, the material terms of any standby underwriting or purchase arrangement entered into by us in connection with the offering of subscription rights.

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The description in the applicable prospectus supplement of any subscription rights we offer will not necessarily be complete and will be qualified in its entirety by reference to the applicable subscription rights certificate or subscription rights agreement, which will be filed with the SEC if we offer subscription rights.

DESCRIPTION OF PURCHASE CONTRACTS AND PURCHASE UNITS

We may issue purchase contracts for the purchase or sale of equity securities issued by us or debt or equity securities issued by third parties as specified in the applicable prospectus supplement pursuant to one or more purchase contract agreements between the Company and such purchase contract agent as shall be named therein. Each purchase contract will entitle the holder thereof to purchase or sell, and obligate us to sell or purchase on specified dates, such securities at a specified purchase price, which may be based on a formula, all as set forth in the applicable prospectus supplement. We may, however, satisfy our obligations, if any, with respect to any purchase contract by delivering the cash value of such purchase contract or the cash value of the securities otherwise deliverable, as set forth in the applicable prospectus supplement. The applicable prospectus supplement will also specify the methods by which the holders may purchase or sell such securities, and any acceleration, cancellation or termination provisions or other provisions relating to the settlement of a purchase contract. The price per security and the number of securities may be fixed at the time the purchase contracts are entered into or may be determined by reference to a specific formula set forth in the applicable purchase contracts.

The purchase contracts may be issued separately or as part of purchase units consisting of a purchase contract and debt securities or debt obligations of third parties, including U.S. treasury securities, or any other securities described in the applicable prospectus supplement or any combination of the foregoing, which may secure the obligations to purchase the securities under the purchase contracts, which we refer to as purchase units and may be issued pursuant to one or more purchase unit agreements between the Company and such purchase unit agent as shall be named therein. The purchase contracts may require holders to secure their obligations under the purchase contracts in a specified manner. The purchase contracts also may require us to make periodic payments to the holders of the purchase contracts or the purchase units, as the case may be, or vice versa, and those payments may be unsecured or pre-funded on some basis.

The applicable prospectus supplement will describe the terms of any purchase contract or purchase unit and will contain a summary of certain material U.S. federal income tax considerations applicable to the purchase contracts and purchase units.

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PLAN OF DISTRIBUTION

We or any selling securityholders may sell the securities offered by this prospectus:

- through underwriters or dealers;
- through agents; or
- directly to purchasers.

The securities may be sold in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices relating to prevailing market prices or at negotiated prices.

We will describe in a prospectus supplement or a free writing prospectus the particular terms of the offering of the securities, including the following:

- the method of distribution of the securities offered thereby;
- the names of any underwriters or agents;
- the proceeds we will receive from the sale, if any;
- any discounts and other items constituting underwriters or agents compensation;
- any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchanges on which the applicable securities may be listed.

The securities may be offered to the public through underwriting syndicates represented by managing underwriters or by underwriters without a syndicate and may also be offered through standby underwriting or purchase arrangements entered into by us or any selling securityholders. We or any selling securityholders may also sell securities through agents or dealers designated by us or any selling securityholders. We or any selling securityholders also may sell securities directly, in which case no underwriters or agents would be involved.

Underwriters, dealers and agents that participate in the distribution of the securities may be underwriters as defined in the Securities Act, and any discounts or commissions received by them from us or any selling securityholders and any profit on the resale of the securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We or any selling securityholders may have agreements with the underwriters, dealers and agents involved in the offering of the securities to indemnify them against certain liabilities, including liabilities under the Securities Act, or to contribute with respect to payments that the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents involved in the offering of the securities may engage in transactions with, or perform services for, us, our subsidiaries or other affiliates or any selling securityholders in the ordinary course of their businesses.

In order to facilitate the offering of the securities, any underwriters or agents, as the case may be, involved in the offering of such securities may engage in transactions that stabilize, maintain or otherwise affect the market price of such securities or other securities that may be issued upon conversion, exchange or exercise of such securities or the prices of which may be used to determine

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payments on such securities. Specifically, the underwriters or agents, as the case may be, may over-allot in connection with the offering, creating a short position in such securities for their own account. In addition, to cover over-allotments or to stabilize the price of the securities or of such other securities, the underwriters or agents, as the case may be, may bid for, and purchase, such securities in the open market. Finally, in any offering of securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such securities in the offering if the syndicate repurchases previously distributed securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the securities above independent market levels. The underwriters or agents, as the case may be, are not required to engage in these activities and, if they engage in any of these activities, may end any of these activities at any time without notice.

Some or all of the securities may be new issues of securities with no established trading market. Neither we nor any selling securityholders can give any assurances as to the liquidity of the trading market for any of our securities.

MATERIAL U.S. FEDERAL TAX CONSIDERATIONS

This summary discusses the material U.S. federal income and estate tax considerations related to the purchase, ownership and disposition of our Class A units as of the date hereof. This summary is based on provisions of the Internal Revenue Code, on the regulations promulgated thereunder and on published administrative rulings and judicial decisions, all of which are subject to change at any time, possibly with retroactive effect. This discussion is limited to the material U.S. federal income and estate tax considerations related to the purchase, ownership and disposition of our Class A units and does not cover all U.S. federal income and estate tax considerations that may be applicable to a particular investor. In particular, some categories of investors, such as banks, thrifts, insurance companies, persons liable for the alternative minimum tax, dealers and other investors that do not own their Class A units as capital assets, may be subject to special rules not described herein. Such investors should consult with their tax advisors concerning the U.S. federal, state and local income tax and estate tax consequences in their particular situations of the purchase, ownership and disposition of a Class A unit. Tax-exempt organizations and mutual funds are discussed separately below. The actual tax consequences of the purchase and ownership of Class A units will vary depending on your circumstances. This discussion, to the extent it states matters of U.S. federal tax law or legal conclusions and subject to the qualifications herein, represents the opinion of Simpson Thacher & Bartlett LLP. Such opinion is based in part on facts described in this prospectus and on various other factual assumptions, representations and determinations, including representations contained in certificates provided to Simpson Thacher & Bartlett LLP. Any alteration or incorrectness of such facts, assumptions, representations or determinations could adversely impact the accuracy of this summary and such opinion. Moreover, opinions of counsel are not binding on the IRS or any court, and the IRS may challenge the conclusions herein, and a court may sustain such a challenge.

For purposes of this discussion, a U.S. Holder is a beneficial holder of a Class A unit that is for U.S. federal income tax purposes (1) an individual citizen or resident of the United States; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (3) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (4) a trust if it (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person. A non-U.S. Holder is a holder that is not a U.S. Holder.

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If a partnership holds Class A units, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our Class A units, you should consult your tax advisers. This discussion does not constitute tax advice and is not intended to be a substitute for tax planning.

Prospective holders of Class A units should consult their own tax advisers concerning the U.S. federal, state and local income tax and estate tax consequences in their particular situations of the purchase, ownership and disposition of a Class A unit, as well as any consequences under the laws of any other taxing jurisdiction.

Taxation of Issuer and the Intermediate Holding Companies

Subject to the discussion in the next paragraph, an entity that is treated as a partnership for U.S. federal income tax purposes is not a taxable entity and incurs no U.S. federal income tax liability. Instead, each partner is required to take into account its allocable share of items of income, gain, loss and deduction of the partnership in computing its U.S. federal income tax liability, regardless of whether cash distributions are made. Distributions of cash by a partnership to a partner are not taxable unless the amount of cash distributed to a partner is in excess of the partner s adjusted basis in its partnership interest.

An entity that would otherwise be classified as a partnership for U.S. federal income tax purposes may nonetheless be taxable as a corporation if it is a publicly traded partnership, unless an exception applies. An entity that would otherwise be classified as a partnership is a publicly traded partnership if (1) interests in the partnership are traded on an established securities market or (2) interests in the partnership are readily tradable on a secondary market or the substantial equivalent thereof. We are publicly traded. However, an exception to taxation as a corporation, referred to as the Qualifying Income Exception, exists if at least 90% of such partnership s gross income for every taxable year consists of qualifying income and the partnership is not required to register under the Investment Company Act. Qualifying income includes certain interest income, dividends, real property rents, gains from the sale or other disposition of real property and any gain from the sale or disposition of a capital asset or other property held for the production of income that otherwise constitutes qualifying income.

We intend to manage our affairs so that we will meet the Qualifying Income Exception in each taxable year. We believe we are and will be treated as a partnership and not as a corporation for U.S. federal income tax purposes. It is the opinion of Simpson Thacher & Bartlett LLP that we will be treated as a partnership and not as an association or publicly traded partnership (within the meaning of Section 7704 of the Code) subject to tax as a corporation for U.S. federal income tax purposes based on factual statements and representations made by us, including statements and representations as to the manner in which we intend to manage our affairs and the composition of our income. However, this opinion will be based solely on current law and will not take into account any proposed or potential changes in law, which may be enacted with retroactive effect. Moreover, opinions of counsel are not binding upon the IRS or any court, and the IRS may challenge this conclusion and a court may sustain such a challenge.

If we fail to meet the Qualifying Income Exception, other than for a failure that is determined by the IRS to be inadvertent and that is cured within a reasonable time after discovery, or if we are required to register under the Investment Company Act, we will be treated as if we had transferred all of our assets, subject to liabilities, to a newly formed corporation on the first day of the year in which we fail to meet the Qualifying Income Exception in return for stock in that corporation, and then distributed the stock to the holders of Class A units in liquidation of their interests in us. This contribution and liquidation should be tax-free to holders so long as we do not have liabilities in excess of the tax basis of our assets. Thereafter, we would be treated as a corporation for U.S. federal income tax purposes.

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If we were treated as a corporation in any taxable year, either as a result of a failure to meet the Qualifying Income Exception or otherwise, our items of income, gain, loss and deduction would be reflected only on our tax return rather than being passed through to holders of Class A units, and we would be subject to U.S. corporate income tax on our taxable income. Distributions made to holders of our Class A units would be treated as either taxable dividend income, which may be eligible for reduced rates of taxation, to the extent of our current or accumulated earnings and profits, or in the absence of earnings and profits, as a nontaxable return of capital, to the extent of the holder s tax basis in the Class A units, or as taxable capital gain, after the holder s basis is reduced to zero. In addition, in the case of non-U.S. Holders, income that we receive with respect to investments may be subject to a higher rate of U.S. withholding tax if we are treated as a corporation. Accordingly, treatment as a corporation could materially reduce a holder s after-tax return and thus could result in a substantial reduction of the value of the Class A units.

If at the end of any taxable year we fail to meet the Qualifying Income Exception, we may still qualify as a partnership if we are entitled to relief under the Code for an inadvertent termination of partnership status. This relief will be available if (1) the failure is cured within a reasonable time after discovery, (2) the failure is determined by the IRS to be inadvertent and (3) we agree to make such adjustments (including adjustments with respect to our partners) or to pay such amounts as are required by the IRS. It is not possible to state whether we would be entitled to this relief in any or all circumstances. It also is not clear under the Code whether this relief is available for our first taxable year as a publicly traded partnership. If this relief provision is inapplicable to a particular set of circumstances involving us, we will not qualify as a partnership for federal income tax purposes. Even if this relief provision applies and we retain our partnership status, we or the holders of our Class A units (during the failure period) will be required to pay such amounts as are determined by the IRS.

The remainder of this section assumes that we will be treated as a partnership for U.S. federal income tax purposes.

Oaktree Holdings, LLC

Oaktree Holdings, LLC is a wholly owned limited liability company. Oaktree Holdings, LLC is treated as an entity disregarded as a separate entity from us for U.S. federal income tax purposes. Accordingly, all the assets, liabilities and items of income, deduction and credit of Oaktree Holdings, LLC are treated as our assets, liabilities and items of income, deduction and credit.

Oaktree Holdings, Inc.

Oaktree Holdings, Inc. is taxable as a corporation for U.S. federal income tax purposes and therefore, as the holder of Oaktree Holdings, Inc. s common stock, we are not taxed directly on earnings of entities we hold through Oaktree Holdings, Inc. Distributions of cash or other property that Oaktree Holdings, Inc. pays to us will constitute dividends for U.S. federal income tax purposes to the extent paid from its current or accumulated earnings and profits (as determined under U.S. federal income tax principles). If the amount of a distribution by Oaktree Holdings, Inc. exceeds its current and accumulated earnings and profits, such excess will be treated as a tax-free return of capital to the extent of our tax basis in Oaktree Holdings, Inc. s common stock, and thereafter will be treated as a capital gain.

As general partner of Oaktree Capital II, L.P. and Oaktree Capital Management, L.P., Oaktree Holdings, Inc. incurs U.S. federal income taxes on its proportionate share of any net taxable income of Oaktree Capital II, L.P. and Oaktree Capital Management, L.P.

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Oaktree AIF Holdings, Inc.

Oaktree AIF Holdings, Inc. is taxable as a corporation for U.S. federal income tax purposes and therefore, as the holder of Oaktree AIF Holdings, Inc. s common stock, we are not taxed directly on earnings of entities we hold through Oaktree AIF Holdings, Inc. Distributions of cash or other property that Oaktree Holdings, Inc. pays to us will constitute dividends for U.S. federal income tax purposes to the extent paid from its current or accumulated earnings and profits (as determined under U.S. federal income tax principles). If the amount of a distribution by Oaktree AIF Holdings, Inc. exceeds its current and accumulated earnings and profits, such excess will be treated as a tax-free return of capital to the extent of our tax basis in Oaktree AIF Holdings, Inc. s common stock, and thereafter will be treated as a capital gain.

As general partner of Oaktree AIF Investment, L.P., Oaktree AIF Holdings, Inc. incurs U.S. federal income taxes on its proportionate share of any net taxable income of Oaktree AIF Investment, L.P.

Oaktree Holdings, Ltd.

Oaktree Holdings, Ltd. is an exempted limited liability company incorporated in the Cayman Islands and is taxable as a foreign corporation for U.S. federal income tax purposes. Distributions of cash or other property that Oaktree Holdings, Ltd. pays to us will constitute dividends for U.S. federal income tax purposes to the extent paid from its current or accumulated earnings and profits (as determined under U.S. federal income tax principles). We intend to operate so as not to produce effectively connected income, or ECI. Oaktree Holdings, Ltd. s income will not be subject to U.S. federal income tax to the extent it has a foreign source and is not treated as ECI. If the amount of a distribution by Oaktree Holdings, Ltd. exceeds its current and accumulated earnings and profits, such excess will be treated as a tax-free return of capital to the extent of our tax basis in Oaktree Holdings, Ltd. s common stock, and thereafter will be treated as a capital gain.

Oaktree Operating Group

Oaktree Capital I, L.P., Oaktree Capital II, L.P., Oaktree Investment Holdings, L.P. and Oaktree Capital Management, L.P. are Delaware limited partnerships and are taxed as partnerships for U.S. federal income tax purposes. Oaktree Capital Management (Cayman), L.P. is a Cayman Islands exempted limited partnership and is taxed as a partnership for U.S. federal income tax purposes. The items of income, deduction and credit of these entities are treated as items of income, deduction and credit of the Intermediate Holding Companies, discussed above.

Personal Holding Companies

Each of Oaktree Holdings, Inc. and Oaktree AIF Holdings, Inc. could be subject to additional U.S. federal income tax on a portion of its income if it is determined to be a personal holding company, or PHC, for U.S. federal income tax purposes. A U.S. corporation will be classified as a PHC for U.S. federal income tax purposes in a given taxable year if (1) at any time during the last half of such taxable year, five or fewer individuals (without regard to their citizenship or residency and including as individuals for this purpose certain entities such as certain tax-exempt organizations and pension funds) own or are deemed to own (pursuant to certain constructive ownership rules) more than 50% of the stock of the corporation by value and (2) at least 60% of the corporation s adjusted ordinary gross income, as determined for U.S. federal income tax purposes, for such taxable year, consists of PHC income (which includes, among other things, dividends, interest, royalties, annuities and, under certain circumstances, rents). The PHC rules do not apply to non-U.S. corporations. No assurance can be given that Oaktree Holdings, Inc. or Oaktree AIF Holdings, Inc. will not become a PHC in the future.

If Oaktree Holdings, Inc. or Oaktree AIF Holdings, Inc. is or were to become a PHC in a given taxable year, it would be subject to an additional 20% PHC tax on its undistributed PHC income, which

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includes the company s taxable income, subject to certain adjustments. If Oaktree Holdings, Inc. or Oaktree AIF Holdings, Inc. were to become a PHC and had significant amounts of undistributed PHC income, the amount of PHC tax could be material; in that event, distribution of such income would reduce the PHC income subject to tax.

Certain State, Local and Non-U.S. Tax Matters

We and our subsidiaries are subject to state, local or non-U.S. taxation in various jurisdictions, including those in which we or they transact business, own property or reside. We may be required to file tax returns in some or all of those jurisdictions. The state, local or non-U.S. tax treatment of us and our holders may not conform to the U.S. federal income tax treatment discussed herein. We will pay non-U.S. taxes, and dispositions of foreign property or operations involving, or investments in, foreign property may give rise to non-U.S. income or other tax liability in amounts that could be substantial. Any non-U.S. taxes incurred by us may not pass through to Class A unitholders as a credit against their federal income tax liability.

Consequences to U.S. Holders of Class A Units

The following is a summary of the material U.S. federal income tax consequences that will apply to you if you are a U.S. Holder of Class A units.

For U.S. federal income tax purposes, your allocable share of our items of income, gain, loss, deduction or credit will be governed by our operating agreement if such allocations have substantial economic effect or are determined to be in accordance with your interest in us. We believe that, for U.S. federal income tax purposes, such allocations will be given effect, and we intend to prepare tax returns based on such allocations. If the IRS successfully challenged the allocations made pursuant to our operating agreement, the resulting allocations for U.S. federal income tax purposes might be less favorable than the allocations set forth in our operating agreement.

We may derive taxable income from an investment that is not matched by a corresponding distribution of cash. This could occur, for example, if we used cash to make an investment or to reduce debt instead of distributing profits. In addition, special provisions of the Code may be applicable to certain of our investments and may affect the timing of our income, requiring us to recognize taxable income before we receive cash attributable to such income. Accordingly, it is possible that the U.S. federal income tax liability of a holder with respect to its allocable share of our income for a particular taxable year could exceed the cash distribution to the holder for the year, thus giving rise to an out-of-pocket tax liability for the holder.

With respect to U.S. Holders who are individuals, certain dividends paid by Oaktree Holdings, Inc., Oaktree AIF Holdings Inc. or certain qualified foreign corporations to us and that are allocable to such U.S. Holders may be subject to reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of specified income tax treaties with the United States. In addition, a foreign corporation is treated as a qualified corporation with respect to shares that are readily tradable on an established securities market in the United States. Among other exceptions, a U.S. Holder who is an individual will not be eligible for reduced rates of taxation on any dividend if the payer is a PFIC (as defined below) in the taxable year in which such dividend is paid or in the preceding taxable year or on any income required to be reported by the U.S. Holder as a result of a QEF election (as defined below) that is attributable to an entity that is a PFIC and in which we hold a direct or indirect interest. Dividends paid by Oaktree Holdings, Ltd. and Subpart F inclusions attributable to Oaktree Holdings, Ltd. will not be eligible for such reduced rates of taxation. Prospective investors should consult their own tax advisers regarding the application of the foregoing rules to their particular circumstances.

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U.S. Holders that are individuals, estates or trusts are subject to a Medicare tax of 3.8% on net investment income (or undistributed net investment income, in the case of estates and trusts) for each taxable year, with such tax applying to the lesser of such income or the excess of such person s adjusted gross income (with certain adjustments) over a specified amount. Net investment income includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. It is anticipated that net income and gain attributable to an investment in our Class A units will be included in a U.S. Holder s net investment income subject to this Medicare tax.

Basis

You will have an initial tax basis for your Class A unit equal to the amount you paid for the Class A unit plus your share, under partnership tax rules, of our liabilities, if any. That basis will be increased by your share of our income and by increases in your share under partnership tax rules of our liabilities, if any. That basis will be decreased, but not below zero, by distributions from us, by your share, under partnership tax rules, of our losses and by any decrease in your share under partnership tax rules of our liabilities.

Holders who purchase Class A units in separate transactions must combine the basis of those units and maintain a single adjusted tax basis for all those units. Upon a sale or other disposition of less than all of the Class A units, a portion of that tax basis must be allocated to the Class A units sold.

Limits on Deductions for Losses and Expenses

Your deduction of your share of our losses will be limited to your tax basis in your Class A units and, if you are an individual or a corporate holder that is subject to the at risk rules, to the amount for which you are considered to be at risk with respect to our activities, if that is less than your tax basis. You will be at risk to the extent of your tax basis in your Class A units, reduced by (1) the portion of that basis attributable to your share of our liabilities for which you will not be personally liable and (2) any amount of money you borrow to acquire or hold your Class A units, if the lender of those borrowed funds owns an interest in us, is related to you or can look only to the Class A units for repayment. Your at-risk amount will increase by your allocable share of our income and gain and decrease by cash distributions to you and your allocable share of losses and deductions. You must recapture losses deducted in previous years to the extent that distributions cause your at risk amount to be less than zero at the end of any taxable year. Losses disallowed or recaptured as a result of these limitations will carry forward and will be allowable to the extent that your tax basis or at-risk amount, whichever is the limiting factor, subsequently increases. Any excess loss above that gain previously suspended by the at-risk or basis limitations may no longer be used.

We do not expect to generate income or losses from passive activities for purposes of Section 469 of the Code. Accordingly, income allocated by us to a holder may not be offset by the Section 469 passive losses of such holder and losses allocated to a holder may not be used to offset Section 469 passive income of such holder. In addition, other provisions of the Code may limit or disallow any deduction for losses by a holder of our Class A units or deductions associated with certain assets of the limited liability company in certain cases. Holders should consult with their tax advisers regarding their limitations on the deductibility of losses under applicable sections of the Code.

Limitations on Deductibility of Organizational Expenses and Syndication Fees

Neither we nor any U.S. Holder may deduct organizational or syndication expenses. An election may be made by us to amortize organizational expenses over a 15-year period. Syndication fees (which would include any sales or placement fees or commissions or underwriting discount) must be capitalized and cannot be amortized or otherwise deducted.

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Limitations on Interest Deductions

Your share of our interest expense is likely to be treated as investment interest expense. If you are a non-corporate taxpayer, the deductibility of investment interest expense is limited to the amount of your net investment income. Your share of our dividend and interest income will be treated as investment income, although qualified dividend income subject to reduced rates of tax in the hands of an individual will only be treated as investment income if you elect to treat such dividend as ordinary income not subject to reduced rates of tax. In addition, state and local tax laws may disallow deductions for your share of our interest expense.

The computation of your investment interest expense will take into account interest on any margin account borrowing or other loan incurred to purchase a Class A unit. Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules less deductible expenses, other than interest, directly connected with the production of investment income, but does not include gains attributable to the disposition of property held for investment. For this purpose, any long-term capital gain or qualifying dividend income that is taxable at long-term capital gain rates is excluded from net investment income, unless the U.S. holder elects to pay tax on such gain or dividend income at ordinary income rates.

Deductibility of Partnership Investment Expenditures by Individual Partners and by Trusts and Estates

Most miscellaneous itemized deductions of an individual taxpayer, and certain of such deductions of an estate or trust, are deductible only to the extent that such deductions exceed 2% of the taxpayer s adjusted gross income. Moreover, the otherwise allowable itemized deductions of individuals whose gross income exceeds an applicable threshold amount are subject to reduction by an amount equal to the lesser of (1) 3% of the excess of the individual s adjusted gross income over the threshold amount or (2) 80% of the amount of the itemized deductions. The operating expenses of the Oaktree Operating Group may be treated as miscellaneous itemized deductions subject to the foregoing rule. Accordingly, if you are a non-corporate U.S. Holder, you should consult your tax advisers with respect to the application of these limitations.

Treatment of Distributions

Distributions of cash by us will not be taxable to you to the extent of your adjusted tax basis (described above) in your Class A units. Any cash distributions in excess of your adjusted tax basis will be considered to be gain from the sale or exchange of Class A units (described below). Under current laws, such gain would be treated as capital gain and would be long-term capital gain if your holding period for your Class A units exceeds one year, subject to certain exceptions (described below). A reduction in your allocable share of our liabilities, and certain distributions of marketable securities by us, are treated similar to cash distributions for U.S. federal income tax purposes.

Sale or Exchange of Class A Units

You will recognize gain or loss on a sale of Class A units equal to the difference, if any, between the amount realized and your tax basis in the Class A units sold. Your amount realized will be measured by the sum of the cash or the fair market value of other property received by you plus your share, under partnership tax rules, of our liabilities, if any.

Except as described below, gain or loss recognized by you on the sale or exchange of a Class A unit will be taxable as capital gain or loss and will be long-term capital gain or loss if all of the Class A units you hold were held for more than one year on the date of such sale or exchange. Assuming we have not made an election, referred to as a QEF election, to treat our interest in a PFIC as a qualified electing fund, or QEF, gain attributable to such investment in a PFIC would be taxable as

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ordinary income and would be subject to an interest charge. See Passive Foreign Investment Companies. In addition, certain gain attributable to our investment in a controlled foreign corporation, or CFC, may be ordinary income and certain gain attributable to unrealized receivables or inventory items would be characterized as ordinary income rather than capital gain. For example, if we hold debt acquired at a market discount, accrued market discount on such debt would be treated as unrealized receivables. The deductibility of capital losses is subject to limitations.

Holders who purchase units at different times and intend to sell all or a portion of the units within a year of their most recent purchase are urged to consult their tax advisers regarding the application of certain split holding period rules to them and the treatment of any gain or loss as long-term or short-term capital gain or loss.

Foreign Tax Credit Limitations

You may be entitled to a foreign tax credit with respect to your allocable share of creditable foreign taxes paid on our income and gains. Complex rules may, depending on your particular circumstances, limit the availability or use of foreign tax credits. Gains from the sale of our investments may be treated as U.S. source gains. Consequently, you may not be able to use the foreign tax credit arising from any foreign taxes imposed on such gains unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. Certain losses that we incur may be treated as foreign source losses, which could reduce the amount of foreign tax credits otherwise available. You should consult your tax adviser with respect to whether you will be entitled to any foreign tax in light of your particular circumstances.

Section 754 Election

We have made the election permitted by Section 754 of the Code. The election is irrevocable without the consent of the IRS. The election requires us to adjust the tax basis in our assets, or inside basis, attributable to a transferee of Class A units under Section 743(b) of the Code to reflect the purchase price of the Class A units paid by the transferee. However, this election does not apply to a person who purchases Class A units directly from us. For purposes of this discussion, a transferee s inside basis in our assets will be considered to have two components: (1) the transferee s share of our tax basis in our assets, or common basis, and (2) the Section 743(b) adjustment to that basis.

The calculations under Section 754 of the Code are complex, and there is little legal authority concerning the mechanics of the calculations, particularly in the context of publicly traded partnerships. To help reduce the complexity of those calculations and the resulting administrative costs to us, we will apply certain conventions in determining and allocating basis adjustments. For example, we may apply a convention in which we deem the price paid by a holder of Class A units to be the lowest quoted trading price of the Class A units during the month in which the purchase occurred, irrespective of the actual price paid. Nevertheless, the use of such conventions may result in basis adjustments that do not exactly reflect a holder s purchase price for its Class A units, including less favorable basis adjustments to a holder who paid more than the lowest quoted trading price of the Class A units for the month in which the purchase occurred. It is possible that the IRS will successfully assert that the conventions we use do not satisfy the technical requirements of the Code or the Treasury Regulations and thus will require different basis adjustments to be made. If the IRS were to sustain such a position, a holder of Class A units may have adverse tax consequences. Moreover, the benefits of a Section 754 election may not be realized because we directly and indirectly invest in pass-through entities that do not have in effect a Section 754 election. You should consult your tax adviser as to the effects of the Section 754 election.

Uniformity of Class A Units

We have adopted depreciation, amortization and other tax accounting positions that may not conform with all aspects of existing Treasury Regulations. A successful IRS challenge to those

positions could adversely affect the amount of tax benefits available to our Class A unitholders. It also could affect the timing of these tax benefits or the amount of gain on the sale of Class A units and could have a negative impact on the value of our Class A units or result in audits of and adjustments to our Class A unitholders tax returns.

Foreign Currency Gain or Loss

Our functional currency is the U.S. dollar, and our income or loss is calculated in U.S. dollars. It is likely that we will recognize foreign currency gain or loss with respect to transactions involving non-U.S. dollar currencies. In general, foreign currency gain or loss is treated as ordinary income or loss. You should consult your tax adviser with respect to the tax treatment of foreign currency gain or loss.

Passive Foreign Investment Companies

You may be subject to special rules applicable to indirect investments in foreign corporations, including an investment in a PFIC.

A PFIC is defined as any foreign corporation with respect to which either (1) 75% or more of the gross income for a taxable year is passive income or (2) 50% or more of its assets in any taxable year (in most instances based on the quarterly average of the value of its assets) produce passive income. There are no minimum stock ownership requirements for PFICs. Once a corporation qualifies as a PFIC, it is, absent certain taxpayer elections to recognize taxable income or gains, always treated as a PFIC, regardless of whether it satisfies either of the qualification tests in subsequent years. Any gain on disposition of stock of a PFIC, as well as income realized on certain excess distributions by the PFIC, is treated as though realized ratably over the shorter of your holding period of Class A units or our holding period for the PFIC. Such gain or income is taxable as ordinary income and, as discussed above, dividends paid by a PFIC to an individual will not be eligible for the reduced rates of taxation that are available for certain qualifying dividends. In addition, an interest charge would be imposed on you based on the tax deferred from prior years.

We may make a QEF election, where possible, with respect to each entity treated as a PFIC to treat such non-U.S. entity as a QEF in the first year we hold shares in such entity. However, we expect that in many circumstances we may not have access to information necessary to make a QEF election. A QEF election is effective for our taxable year for which the election is made and all subsequent taxable years and may not be revoked without the consent of the IRS. If we make a QEF election under the Internal Revenue Code with respect to our interest in a PFIC, in lieu of the foregoing treatment, we would be required to include in income each year a portion of the ordinary earnings and net capital gains of the QEF called QEF Inclusions, even if not distributed to us. Thus, holders may be required to report taxable income as a result of QEF Inclusions without corresponding receipts of cash. However, a holder may elect to defer, until the occurrence of certain events, payment of the U.S. federal income tax attributable to QEF Inclusions for which no current distributions are received, but will be required to pay interest on the deferred tax computed by using the statutory rate of interest applicable to an extension of time for payment of tax. However, net losses (if any) of a non-U.S. entity that is treated as a PFIC will not pass through to us or to holders and may not be carried back or forward in computing such PFIC s ordinary earnings and net capital gain in other taxable years. Consequently, holders may over time be taxed on amounts that, as an economic matter, exceed our net profits. Our tax basis in the shares of such non-U.S. entities, and a holder s basis in our Class A units, will be increased to reflect QEF Inclusions. No portion of the QEF Inclusion attributable to ordinary income will be eligible for reduced rates of taxation. If you can establish to the satisfaction of the IRS that any amount distributed by a PFIC is paid out of earnings and profits of the PFIC that were included as QEF Inclusions, you will not be taxed again on such distributed amounts. You should consult your tax advisers as to the manner in which QEF Inclusions affect your allocable share of our income and your basis in your Class A units. Alternatively, in the case of a PFIC that is a publicly

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traded foreign portfolio company, an election may be made to mark to market the stock of such foreign portfolio company on an annual basis. Pursuant to such an election, you would include in each year as ordinary income the excess, if any, of the fair market value of such stock over its adjusted basis at the end of the taxable year. You may treat as ordinary loss any excess of the adjusted basis of the stock over its fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the election in prior years.

We may make certain investments through non-U.S. corporate subsidiaries. Such an entity may be a PFIC for U.S. federal income tax purposes. In addition, certain of our investments could be in PFICs. Thus, we can make no assurance that some of our investments will not be treated as held through a PFIC or as interests in PFICs or that such PFICs will be eligible for the mark to market election, or that as to any such PFICs we will be able to make QEF elections.

If we do not make a QEF election with respect to a PFIC, Section 1291 of the Code will treat all gain on a disposition by us of shares of such entity, gain on the disposition of Class A units by a holder at a time when we own shares of such entity, as well as certain other defined excess distributions, as if the gain or excess distribution were ordinary income earned ratably over the shorter of the period during which the holder held its Class A units or the period during which we held our shares in such entity. For gain and excess distributions allocated to prior years, (1) the tax rate will be the highest in effect for that taxable year and (2) the tax will be payable without regard to offsets from deductions, losses and expenses realized in such prior years. Holders will also be subject to an interest charge for any deferred tax. No portion of this ordinary income will be eligible for the favorable tax rate applicable to qualified dividend income for individual U.S. persons.

Controlled Foreign Corporations

A non-U.S. entity will be treated as a CFC if it is treated as a corporation for U.S. federal income tax purposes and if more than 50% of (1) the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote or (2) the total value of the stock of the non-U.S. entity is owned by U.S. Shareholders on any day during the taxable year of such non-U.S. entity. For purposes of this discussion, a U.S. Shareholder with respect to a non-U.S. entity means a U.S. person that owns 10% or more of the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote.

When making investment or other decisions, we will consider whether an investment will be a CFC and the consequences related thereto. If we are a U.S. Shareholder in a non-U.S. entity that is treated as a CFC, each Class A unitholder may be required to include in income its allocable share of the CFC s Subpart F income reported by us. Subpart F income includes dividends, interest, net gain from the sale or disposition of securities, non-actively managed rents, fees for services provided to certain related persons and certain other passive types of income. The aggregate Subpart F income inclusions in any taxable year relating to a particular CFC are limited to such entity s current earnings and profits. These inclusions are treated as ordinary income (whether or not such inclusions are attributable to net capital gains). Thus, an investor may be required to report as ordinary income its allocable share of the CFC s Subpart F income reported by us without corresponding receipts of cash and may not benefit from capital gain treatment with respect to the portion of our earnings (if any) attributable to net capital gains of the CFC.

The tax basis of our shares of such non-U.S. entity, and a holder s tax basis in our Class A units, will be increased to reflect any required Subpart F income inclusions. Such income will be treated as income from sources within the United States, for certain foreign tax credit purposes, to the extent derived by the CFC from U.S. sources. Such income will not be eligible for the reduced rate of tax applicable to qualified dividend income for individual U.S. persons. See the introduction to this Consequences to U.S. Holders of Class A Units section. Amounts included as such income with respect to direct and indirect investments will not be taxable again when actually distributed.

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Regardless of whether any CFC has Subpart F income, any gain allocated to a Class A unitholder from our disposition of stock in a CFC will be treated as ordinary income to the extent of the holder s allocable share of the current and/or accumulated earnings and profits of the CFC. In this regard, earnings would not include any amounts previously taxed pursuant to the CFC rules. However, net losses (if any) of a non-U.S. entity owned by us that is treated as a CFC will not pass through to our holders. Moreover, a portion of any gain from the sale or exchange of a Class A unit may be taxable as ordinary income.

If a non-U.S. entity held by us is classified as both a CFC and a PFIC during the time we are a U.S. Shareholder of such non-U.S. entity, a holder will be required to include amounts in income with respect to such non-U.S. entity pursuant to this subheading, and the consequences described under the subheading Passive Foreign Investment Companies above will not apply. If our ownership percentage in a non-U.S. entity changes such that we are not a U.S. Shareholder with respect to such non-U.S. entity, then Class A unitholders may be subject to the PFIC rules. The interaction of these rules is complex, and prospective holders are urged to consult their tax advisers in this regard.

We believe that Oaktree Holdings, Ltd. is a CFC, subject to the foregoing rules and as such, each Class A unitholder that is a U.S. person will be required to include in income its allocable share of Oaktree Holdings, Ltd. s Subpart F income reported by us.

Investment Structure

To manage our affairs so as to meet the Qualifying Income Exception and comply with certain requirements in our operating agreement, we may need to structure certain investments through an entity classified as a corporation for U.S. federal income tax purposes. Such investment structures will be entered into as determined in the sole judgment of our board of directors in order to create a tax structure that we expect will be efficient for our Class A unitholders. However, because our Class A unitholders will be located in numerous taxing jurisdictions, no assurances can be given that any such investment structure will be beneficial to all our Class A unitholders to the same extent, and may even impose additional tax burdens on some of our Class A unitholders. As discussed above, if the entity were a non-U.S. corporation it may be considered a PFIC or a CFC. If the entity were a U.S. corporation, it would be subject to U.S. federal income tax on its operating income, including any gain recognized on its disposal of its investments. In addition, if the investment involves U.S. real estate, gain recognized on disposition would be subject to such tax, whether the corporation is a U.S. or a non-U.S. corporation.

Taxes in Other State, Local, and Non-U.S. Jurisdictions

In addition to U.S. federal income tax consequences, you may be subject to potential U.S. state and local taxes because of an investment in us in the U.S. state or locality in which you are a resident for tax purposes or in which we have investments or activities. You may also be subject to tax return filing obligations and income, franchise or other taxes, including withholding taxes, in state, local or non-U.S. jurisdictions in which we invest, or in which entities in which we own interests conduct activities or derive income. Income or gains from investments held by us may be subject to withholding or other taxes in jurisdictions outside the United States, subject to the possibility of reduction under applicable income tax treaties. If you wish to claim the benefit of an applicable income tax treaty, you may be required to submit information to tax authorities in such jurisdictions. You should consult your own tax advisers regarding the U.S. state, local and non-U.S. tax consequences of an investment in us.

Transferor/Transferee Allocations

Our taxable income and losses will be determined and apportioned among investors using conventions we regard as consistent with applicable law. As a result, if you transfer your Class A units, you may be allocated income, gain, loss

and deduction realized by us after the date of transfer.

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Although Section 706 of the Code provides guidelines for allocations of items of partnership income and deductions between transferors and transferees of partnership interests, it is not clear that our allocation method complies with its requirements. If our convention were not permitted, the IRS might contend that our taxable income or losses must be reallocated among the investors. If such a contention were sustained, your respective tax liabilities would be adjusted to your possible detriment. Our board of directors is authorized to revise our method of allocation between transferors and transferees (as well as among investors whose interests otherwise vary during a taxable period).

U.S. Federal Estate Taxes

If Class A units are included in the gross estate of a U.S. citizen or resident for U.S. federal estate tax purposes, then a U.S. federal estate tax might be payable in connection with the death of such person. Prospective individual U.S. Holders should consult their own tax advisers concerning the potential U.S. federal estate tax consequences with respect to our Class A units.

U.S. Taxation of Tax-Exempt U.S. Holders of Class A Units

A holder of Class A units that is a tax-exempt entity for U.S. federal income tax purposes (including an individual retirement account or 401(k) plan participant) and therefore exempt from most U.S. federal income taxation may nevertheless be subject to unrelated business income tax to the extent, if any, that its allocable share of our income consists of unrelated business taxable income, or UBTI. A tax-exempt partner of a partnership that regularly engages in a trade or business which is unrelated to the exempt function of the tax-exempt partner must include in computing its UBTI its pro rata share (whether or not distributed) of such partnership s gross income derived from such unrelated trade or business. Moreover, a tax-exempt partner of a partnership could be treated as earning UBTI to the extent that such partnership derives income from debt-financed property, or if the partnership interest itself is debt financed. Debt-financed property means property held to produce income with respect to which there is acquisition indebtedness (that is, indebtedness incurred in acquiring or holding property).

Because we are under no obligation to minimize UBTI, tax-exempt U.S. Holders of Class A units should consult their own tax advisers regarding all aspects of UBTI.

Investments by U.S. Mutual Funds

U.S. mutual funds that are treated as regulated investment companies, or RICs, for U.S. federal income tax purposes are required, among other things, to meet an annual 90% gross income and a quarterly 50% asset value test under Section 851(b) of the Code to maintain their favorable U.S. federal income tax status. The treatment of an investment by a RIC in Class A units for purposes of these tests will depend on whether we are treated as a qualifying publicly traded partnership. If our limited liability company is so treated, then the Class A units themselves are the relevant assets for purposes of the 50% asset value test and the net income from the Class A units is the relevant gross income for purposes of the 90% gross income test. RICs may not invest greater than 25% of their assets in one or more qualifying publicly traded partnerships. All income derived from a qualifying publicly traded partnership is considered qualifying income for purposes of the RIC 90% gross income test described above. However, if we are not treated as a qualifying publicly traded partnership for purposes of the RIC rules, then the relevant assets for the RIC asset test will be the RIC s allocable share of the underlying assets held by us and the relevant gross income for the RIC income test will be the RIC s allocable share of the underlying gross income earned by us. Whether we will qualify as a qualifying publicly traded partnership depends on the exact nature of our future investments, but it is possible we will not be treated as a qualifying publicly traded partnership. In addition, as discussed above under Consequences to U.S. Holders of Class A Units, we may derive taxable income from an investment that is not matched by a corresponding cash distribution. Accordingly, a RIC investing in

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our Class A units may recognize income for U.S. federal income tax purposes without receiving cash with which to make distributions in amounts necessary to satisfy the distribution requirements under Sections 852 and 4982 of the Code for avoiding income and excise taxes. RICs should consult their own tax advisers about the U.S. tax consequences of an investment in Class A units.

Consequences to Non-U.S. Holders of Class A Units

U.S. Income Tax Consequences

We intend to use reasonable efforts to structure our investments in a manner such that non-U.S. Holders do not incur ECI with respect to an investment in our Class A units. However, we may invest in flow-through entities that are engaged in a U.S. trade or business and, in such case, we and non-U.S. Holders of Class A units would be treated as being engaged in a U.S. trade or business for U.S. federal income tax purposes even if we do not recognize ECI from such investments. Current Treasury Regulations provide that non-U.S. Holders that are deemed to be engaged in a U.S. trade or business are required to file a U.S. federal income tax return even if such holders do not recognize any ECI. In addition, although we intend to take the position that income allocated to us from our investments is not ECI, if the IRS successfully challenged certain of our methods of allocation of income for U.S. federal income tax purposes, it is possible non-U.S. Holders could recognize ECI with respect to their investment in our Class A units.

To the extent our income is treated as ECI, non-U.S. Holders would be (1) subject to withholding tax on their allocable share of such income, (2) required to file a U.S. federal income tax return for such year reporting their allocable share, if any, of income or loss effectively connected with such trade or business, including certain income from U.S. sources not related to us, and (3) required to pay U.S. federal income tax at regular U.S. federal income tax rates on any such income. Moreover, a corporate non-U.S. Holder might be subject to a U.S. branch profits tax on its allocable share of its ECI. Any amount so withheld would be creditable against such non-U.S. Holder s U.S. federal income tax liability, and such non-U.S. Holder could claim a refund to the extent that the amount withheld exceeded such non-U.S. Holder s U.S. federal income tax liability for the taxable year. Finally, if our income is treated as ECI, a portion of any gain recognized by a holder who is a non-U.S. Holder on the sale or exchange of its Class A units could be treated for U.S. federal income tax purposes as ECI, and hence such non-U.S. Holder could be subject to U.S. federal income tax on the sale or exchange.

To the extent we receive dividends from a U.S. corporation through the Oaktree Operating Group and its investment vehicles, your allocable share of distributions of such dividend income will be subject to U.S. withholding tax at a rate of 30%, unless you are eligible for a reduced rate of such withholding and provide us with certain relevant tax status information. Distributions to you may also be subject to withholding to the extent they are attributable to the sale of a U.S. real property interest or if the distribution is otherwise considered fixed or determinable annual or periodic income under the Code, provided that an exemption from or a reduced rate of such withholding may apply if certain tax status information is provided. If such information is not provided and you would not be subject to U.S. tax based on your tax status or are eligible for a reduced rate of U.S. withholding, you may need to take additional steps to receive a credit or refund of any excess withholding tax paid on your account, which may include the filing of a non-resident U.S. income tax return with the IRS. Among other limitations, if you reside in a treaty jurisdiction which does not treat our limited liability company as a pass-through entity, you may not be eligible to receive a refund or credit of excess U.S. withholding taxes paid on your account. You should consult your tax advisers regarding the treatment of U.S. withholding taxes.

Special rules may apply in the case of a non-U.S. Holder that (1) has an office or fixed place of business in the United States, (2) is present in the United States for 183 days or more in a taxable year or (3) is a former citizen of the United States, a foreign insurance company that is treated as holding

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interests in us in connection with their U.S. business, a PFIC or a corporation that accumulates earnings to avoid U.S. federal income tax. You should consult your tax advisers regarding the application of these special rules.

U.S. Federal Estate Tax Consequences

The U.S. federal estate tax treatment of our Class A units with regards to the estate of a non-citizen who is not a resident of the United States is not entirely clear. If our Class A units are includable in the U.S. gross estate of such person, then a U.S. federal estate tax might be payable in connection with the death of such person. Prospective individual non-U.S. Holders who are non-citizens and not residents of the United States should consult their own tax advisers concerning the potential U.S. federal estate tax consequences with regard to our units.

Administrative Matters

Taxable Year

We currently use the calendar year as our taxable year for U.S. federal income tax purposes. Under certain circumstances which we currently believe are unlikely to apply, a taxable year other than the calendar year may be required for such purposes.

Tax Matters Member

OCGH acts as our tax matters member. As the tax matters member, OCGH has the authority, subject to certain restrictions, to act on our behalf in connection with any administrative or judicial review of our items of income, gain, loss, deduction or credit.

Information Returns

It may require a substantial period of time after the end of our fiscal year to obtain the requisite information from all lower-tier entities to enable us to prepare and deliver Schedule K-1s to IRS Form 1065. Notwithstanding the foregoing, we will provide estimates of such tax information (including your allocable share of our income, gain, loss and deduction for our preceding year) by February 28 of each year; however, there is no assurance that the Schedule K-1s, which will be provided after the estimates, will be the same as our estimates. For this reason, holders of Class A units who are U.S. taxpayers may want to file annually with the IRS (and certain states) a request for an extension past the due date of their income tax return.

In preparing this information, we will use various accounting and reporting conventions, some of which have been mentioned in the previous discussion, to determine your share of income, gain, loss and deduction. The IRS may successfully contend that certain of these reporting conventions are impermissible, which could result in an adjustment to your income or loss.

We may be audited by the IRS. Adjustments resulting from an IRS audit may require you to adjust a prior year s tax liability and possibly may result in an audit of your own tax return. Any audit of your tax return could result in adjustments not related to our tax returns as well as those related to our tax returns.

Tax Shelter Regulations

If we were to engage in a reportable transaction, we (and possibly you and others) would be required to make a detailed disclosure of the transaction to the IRS in accordance with recently issued regulations governing tax shelters

and other potentially tax-motivated transactions. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a listed transaction or that it produces certain

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kinds of losses in excess of $2 million. An investment in us may be considered a reportable transaction if, for example, we recognize certain significant losses in the future. In certain circumstances, a Class A unitholder who disposes of an interest in a transaction resulting in the recognition by such holder of significant losses in excess of certain threshold amounts may be obligated to disclose its participation in such transaction. Our participation in a reportable transaction also could increase the likelihood that our U.S. federal income tax information return (and possibly your tax return) would be audited by the IRS. Certain of these rules are currently unclear and it is possible that they may be applicable in situations other than significant loss transactions.

Moreover, if we were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, you may be subject to (1) significant accuracy-related penalties with a broad scope, (2) for those persons otherwise entitled to deduct interest on federal tax deficiencies, nondeductibility of interest on any resulting tax liability and (3) in the case of a listed transaction, an extended statute of limitations.

Class A unitholders should consult their tax advisers concerning any possible disclosure obligation under the regulations governing tax shelters with respect to the dispositions of their interests in us.

Constructive Termination

Subject to the large partnership election rules described below, we will be considered to have been terminated for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period.

Our termination would result in the close of our taxable year for all holders of Class A units. In the case of a holder reporting on a taxable year other than a fiscal year ending on our year-end, the closing of our taxable year may result in more than 12 months of our taxable income or loss being includable in such holder s taxable income for the year of termination. We would be required to make new tax elections after a termination, including a new tax election under Section 754 of the Code. A termination could also result in penalties if we were unable to determine that the termination had occurred. Moreover, a termination might either accelerate the application of, or subject us to, any tax legislation enacted before the termination.

Elective Procedures for Large Partnerships

The Code allows large partnerships to elect streamlined procedures for income tax reporting. This election would reduce the number of items that must be separately stated on the Schedules K-1 that are issued to the Class A unitholders, and such Schedules K-1 would have to be provided to Class A unitholders on or before the first March 15 following the close of each taxable year. In addition, this election would prevent us from suffering a technical termination (which would close our taxable year) if within a twelve-month period there is a sale or exchange of 50 percent or more of our total interests. We have the discretion to make such an election, if eligible. If we make such election, IRS audit adjustments will flow through to holders of the Class A units for the year in which the adjustments take effect, rather than the holders of Class A units in the year to which the adjustment relates. In addition, we, rather than the holders of the Class A units individually, will be liable for any interest and penalties that result from an audit adjustment.

Withholding and Backup Withholding

For each calendar year, we will report to you and the IRS the amount of distributions we made to you and the amount of U.S. federal income tax (if any) that we withheld on those distributions. The proper application to us of rules for withholding under Section 1441 of the Internal Revenue Code (applicable to certain dividends, interest and similar

items) is unclear. Because the documentation we receive may not properly reflect the identities of partners at any particular time (in light of possible

sales of Class A units), we may over-withhold or under-withhold with respect to a particular holder of Class A units. For example, we may impose withholding, remit that amount to the IRS and thus reduce the amount of a distribution paid to a non-U.S. Holder. It may turn out, however, the corresponding amount of our income was not properly allocable to such holder, and the withholding should have been less than the actual withholding. Such holder would be entitled to a credit against the holder s U.S. tax liability for all withholding, including any such excess withholding, but if the withholding exceeded the holder s U.S. tax liability, the holder would have to apply for a refund to obtain the benefit of the excess withholding. Similarly, we may fail to withhold on a distribution, and it may turn out the corresponding income was properly allocable to a non-U.S. Holder and withholding should have been imposed. In that event, we intend to pay the under-withheld amount to the IRS, and we may treat such under-withholding as an expense that will be borne by all holders of Class A units on a pro rata basis (since we may be unable to allocate any such excess withholding tax cost to the relevant non-U.S. Holder).

Under the backup withholding rules, you may be subject to backup withholding tax (at the rate of 28%) with respect to distributions paid unless: (1) you are a corporation or come within another exempt category and demonstrate this fact when required or (2) you provide a taxpayer identification number, certify as to no loss of exemption from backup withholding tax and otherwise comply with the applicable requirements of the backup withholding tax rules. If you are an exempt holder, you should indicate your exempt status on a properly completed IRS Form W-9. A non-U.S. Holder may qualify as an exempt recipient by submitting a properly completed IRS Form W-8BEN (or other applicable W-8 form). Backup withholding is not an additional tax. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund.

If you do not timely provide us (or the clearing agent or other intermediary, as appropriate) with IRS Form W-8 or W-9, as applicable, or such form is not properly completed, we may become subject to U.S. backup withholding taxes in excess of what would have been imposed had we received certifications from all investors. Such excess U.S. backup withholding taxes may be treated by us as an expense that will be borne by all investors on a pro rata basis (since we may be unable to allocate any such excess withholding tax cost to the holders that failed to timely provide the proper U.S. tax certifications).

Additional Withholding Requirements

Under legislation enacted in 2010 and administrative guidance, the relevant withholding agent may be required to withhold 30% of any interest, dividends and other fixed or determinable annual or periodical gains, profits and income from sources within the United States paid after December 31, 2013 or gross proceeds from the sale of any property of a type that can produce interest or dividends from sources within the United States occurring after December 31, 2016 paid to (1) a foreign financial institution (which for this purpose includes foreign broker-dealers, clearing organizations, investment companies, hedge funds and certain other investment entities) unless such foreign financial institution enters into an agreement with the U.S. Treasury Department pursuant to which it agrees to verify, report and disclose its U.S. accountholders to the Internal Revenue Service and complies with certain other specified requirements or (2) a non-financial foreign entity that is a beneficial owner of the payment unless such entity (a) certifies that it does not have any substantial U.S. owners, (b) provides the name, address and taxpayer identification number of each of its substantial U.S. owners and meets certain other specified requirements or (c) otherwise qualifies for an exemption from this withholding. Non-U.S. and U.S. Holders are encouraged to consult their own tax advisors regarding the possible implications of this proposed legislation on their investment in our Class A units.

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Nominee Reporting

Persons who hold an interest in our limited liability company as a nominee for another person are required to furnish to us:

- the name, address and taxpayer identification number of the beneficial owner and the nominee;
- whether the beneficial owner is (1) a person that is not a U.S. person, (2) a foreign government, an international organization or any wholly owned agency or instrumentality of either of the foregoing or (3) a tax-exempt entity;
- the amount and description of Class A units held, acquired or transferred for the beneficial owner; and
- specific information including the dates of acquisitions and transfers, means of acquisitions and transfers and acquisition cost for purchases, as well as the amount of net proceeds from sales.

Brokers and financial institutions are required to furnish additional information, including whether they are U.S. persons and specific information on Class A units they acquire, hold or transfer for their own account. A penalty of $50 per failure, up to a maximum of $100,000 per calendar year, is imposed by the Code for failure to report that information to us. The nominee is required to supply the beneficial owner of the Class A units with the information furnished to us.

New Legislation or Administrative or Judicial Action

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. No assurance can be given as to whether, or in what form, any proposals affecting us or our Class A unitholders will be enacted. The IRS pays close attention to the proper application of tax laws to partnerships or entities treated as partnerships for U.S. federal income tax purposes. The present U.S. federal income tax treatment of an investment in our Class A units may be modified by administrative, legislative or judicial interpretation at any time, and any such action may affect investments and commitments previously made. Changes to the U.S. federal income tax laws and interpretations thereof could make it more difficult or impossible to meet the Qualifying Income Exception for us to be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, affect or cause us to change our investments and commitments, affect the tax considerations of an investment in us and adversely affect an investment in our Class A units. See Risk Factors Risks Relating to United States Taxation in our most recent Annual Report on Form 10-K. We and our Class A unitholders could be adversely affected by any such change in, or any new, tax law, regulation or interpretation.

Our organizational documents and agreements permit our board of directors to modify the amended and restated operating agreement from time to time, without the consent of the Class A unitholders, in order to address certain changes in U.S. federal income tax regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all of our Class A unitholders.

THE FOREGOING DISCUSSION IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. THE TAX MATTERS RELATING TO US AND OUR UNITHOLDERS ARE COMPLEX AND ARE SUBJECT TO VARYING INTERPRETATIONS. MOREOVER, THE EFFECT OF EXISTING INCOME TAX LAWS, THE MEANING AND IMPACT OF WHICH IS UNCERTAIN AND OF

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PROPOSED CHANGES IN INCOME TAX LAWS WILL VARY WITH THE PARTICULAR CIRCUMSTANCES OF EACH PROSPECTIVE HOLDER AND IN REVIEWING THIS PROSPECTUS THESE MATTERS SHOULD BE CONSIDERED. PROSPECTIVE UNITHOLDERS SHOULD CONSULT THEIR TAX ADVISERS WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF ANY INVESTMENT IN THE CLASS A UNITS.

CERTAIN ERISA CONSIDERATIONS

Unless otherwise indicated in the applicable prospectus supplement, the offered securities may, subject to certain legal restrictions, be held by (i) employee benefit plans (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA)) subject to Title I of ERISA, (ii) plans, individual retirement accounts and other arrangements subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the Code), or provisions under other federal, state, local, non-U.S. or other laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code (collectively, Similar Laws) and (iii) entities whose underlying assets are considered to include plan assets of any such plan, account or arrangement (each of the foregoing described in clauses (i), (ii) and (iii) being referred to as a Plan). Each prospective holder must determine whether the purchase or holding of an interest in an offered security with the assets of a Plan is consistent with applicable fiduciary duties and will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

The ERISA and prohibited transaction laws and regulations applicable to persons investing in plan assets are complex and are subject to varying interpretations. Moreover, the effect of such laws and regulations and the potential availability of exemptions thereto will vary with the particular circumstances of the offered securities and of each prospective holder and in reviewing this prospectus these matters should be considered. Each plan fiduciary or other person considering a purchase of any offered securities on behalf of, or with the assets of, any Plan should consult its legal advisor concerning the matters described herein.

LEGAL MATTERS

Simpson Thacher & Bartlett LLP, Los Angeles, California has passed upon the validity of the securities and has provided a tax opinion in connection with the Class A units.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2012 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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