UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2016

Commission File Number 001-33805

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC
(Exact Name of Registrant as Specified in its Charter)

Delaware	**26-0354783**
(State of Incorporation)	**(I.R.S. Employer Identification Number)**

9 West 57th Street, New York, New York 10019
(Address of Principal Executive Offices)

Registrant's telephone number: (212) 790-0000

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of October 28, 2016, there were 181,706,272 Class A Shares and 297,317,019 Class B Shares outstanding.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC

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Defined Terms

2007 Offerings	Refers collectively to our IPO and the concurrent private offering of approximately 38.1 million Class A Shares to DIC Sahir Limited, a wholly owned indirect subsidiary of Dubai Holding LLC
2011 Offering	Our public offering of 33.3 million Class A Shares in November 2011
active executive managing directors	Executive managing directors who remain active in our business
Annual Report	Our annual report on Form 10-K for the year ended December 31, 2015, dated February 11, 2016 and filed with the SEC
Class A Shares	Our Class A Shares, representing Class A limited liability company interests of Och-Ziff Capital Management Group LLC, which are publicly traded and listed on the NYSE
Class B Shares	Class B Shares of Och-Ziff Capital Management Group LLC, which are not publicly traded, are currently held solely by our executive managing directors and have no economic rights but entitle the holders thereof to one vote per share together with the holders of our Class A Shares
CLOs	Collateralized loan obligations
Exchange Act	Securities Exchange Act of 1934, as amended
executive managing directors	The current limited partners of the Och-Ziff Operating Group entities other than our intermediate holding companies, including our founder, Daniel S. Och, and, except where the context requires otherwise, include certain limited partners who are no longer active in the business of the Company
GAAP	U.S. generally accepted accounting principles
intermediate holding companies	Refers collectively to Och-Ziff Corp and Och-Ziff Holding, both of which are wholly owned subsidiaries of Och-Ziff Capital Management Group LLC
Institutional Credit Strategies	Our asset management platform that invests in performing credits, including leveraged loans, high-yield bonds, private credit/bespoke financing and investment grade credit via CLOs and other customized solutions
IPO	Our initial public offering of 36.0 million Class A Shares that occurred in November 2007
NYSE	New York Stock Exchange
Och-Ziff, the Company, the firm, we, us, our	Refers, unless the context requires otherwise, to Och-Ziff Capital Management Group LLC, a Delaware limited liability company, and its consolidated subsidiaries, including the Och-Ziff Operating Group
Och-Ziff Corp	Och-Ziff Holding Corporation, a Delaware corporation
Och-Ziff funds, funds	The multi-strategy, opportunistic credit, real estate and equity funds, Institutional Credit Strategies products and other alternative investment vehicles for which we provide asset management services

Och-Ziff Holding	Och-Ziff Holding LLC, a Delaware limited liability company
Och-Ziff Operating Group	Refers collectively to OZ Management, OZ Advisors I and OZ Advisors II, and their consolidated subsidiaries
OZ Advisors I	OZ Advisors LP, a Delaware limited partnership
OZ Advisors II	OZ Advisors II LP, a Delaware limited partnership
OZ Management	OZ Management LP, a Delaware limited partnership
Registrant	Och-Ziff Capital Management Group LLC, a Delaware limited liability company
Reorganization	The reorganization of our business that took place prior to the 2007 Offerings
SEC	U.S. Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Special Investments	Investments that we, as investment manager, believe lack a readily ascertainable market value, are illiquid or should be held until the resolution of a special event or circumstance
Ziffs	Refers collectively to Ziff Investors Partnership, L.P. II and certain of its affiliates and control persons

Available Information

Och-Ziff Capital Management Group LLC files annual, quarterly and current reports, proxy statements and other information required by the Exchange Act with the SEC. We make available free of charge on our website (*www.ozcap.com*) our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and any amendments to those filings as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. Also posted on our website in the "Public Investors – Corporate Governance" section are charters for our Audit Committee; Compensation Committee; and Nominating, Corporate Governance and Conflicts Committee, as well as our Corporate Governance Guidelines and Code of Business Conduct and Ethics governing our directors, officers and employees. Information on, or accessible through, our website is not a part of, and is not incorporated into, this report or any other SEC filing. Copies of our SEC filings or corporate governance materials are available without charge upon written request to Och-Ziff Capital Management Group LLC, 9 West 57th Street, New York, New York 10019, Attention: Office of the Secretary.

Any materials we file with the SEC are also publicly available through the SEC's website (www.sec.gov) or may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

No statements herein, available on our website or in any of the materials we file with the SEC under the Exchange Act constitute, or should be viewed as constituting, an offer of any Och-Ziff fund.

Forward-Looking Statements

Some of the statements under "Part I — Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," which we refer to as the "MD&A," "Part I — Item 3. Quantitative and Qualitative Disclosures About Market Risk," "Part II — Item 1A. Risk Factors" and elsewhere in this quarterly report may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act that reflect our current views with respect to, among other things, future events and financial performance. We generally identify forward-looking statements by terminology such as "outlook," "believe," "expect," "potential," "continue," "may," "will," "should," "could," "seek," "approximately," "predict," "intend," "plan," "estimate," "anticipate," "opportunity," "comfortable," "assume," "remain," "maintain," "sustain," "achieve," "see," "think," "position" or the negative version of those words or other comparable words.

Any forward-looking statements contained herein are based upon historical information and on our current plans, estimates and expectations. The inclusion of this or other forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved.

We caution that forward-looking statements are subject to numerous assumptions, estimates, risks and uncertainties, including but not limited to the following: global economic, business, market and geopolitical conditions; U.S. and foreign regulatory developments relating to, among other things, financial institutions and markets, government oversight, fiscal and tax policy; the outcome of third-party litigation involving us; the consequences of the Foreign Corrupt Practices Act (the "FCPA") settlements with the SEC and the U.S. Department of Justice (the "DOJ"); conditions impacting the alternative asset management industry; our ability to retain existing fund investor capital; our ability to successfully compete for fund investors, assets, professional talent and investment opportunities; our ability to retain our active executive managing directors, managing directors and other investment professionals; our successful formulation and execution of our business and growth strategies; our ability to appropriately manage conflicts of interest and tax and other regulatory factors relevant to our business; and assumptions relating to our operations, investment performance, financial results, financial condition, business prospects, growth strategy and liquidity.

If one or more of these or other risks or uncertainties materialize, or if our assumptions or estimates prove to be incorrect, our actual results may vary materially from those indicated in these statements. These factors are not and should not be construed as exhaustive and should be read in conjunction with the other cautionary statements and risks that are included in our filings with the SEC, including but not limited to our Annual Report.

There may be additional risks, uncertainties and factors that we do not currently view as material or that are not known. The forward-looking statements contained in this report are made only as of the date of this report. We do not undertake to update any forward-looking statement because of new information, future developments or otherwise.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC

CONSOLIDATED BALANCE SHEETS — UNAUDITED

	September 30, 2016	December 31, 2015
	(dollars in thousands)	
Assets		
Cash and cash equivalents	$ 430,470	$ 254,070
Income and fees receivable	24,801	93,846
Due from related parties	19,880	8,096
Deferred income tax assets	669,691	719,954
Other assets, net (includes assets measured at fair value of $29,994 and $18,501 as of September 30, 2016 and December 31, 2015, respectively)	203,952	192,975
Assets of consolidated Och-Ziff funds:		
Investments, at fair value	36,830	9,071,933
Other assets of Och-Ziff funds	2,633	344,769
Total Assets	**$ 1,388,257**	**$ 10,685,643**
Liabilities and Shareholders' (Deficit) Equity		
Liabilities		
Due to related parties	$ 490,249	$ 593,390
Debt obligations	561,757	443,069
Compensation payable	22,716	176,602
Other liabilities	564,214	83,813
Liabilities of consolidated Och-Ziff funds:		
Notes and loans payable of consolidated CLOs, at fair value	—	7,077,679
Securities sold under agreements to repurchase	—	190,751
Other liabilities of Och-Ziff funds	653	47,487
Total Liabilities	**1,639,589**	**8,612,791**
Commitments and Contingencies (Note 15)		
Redeemable Noncontrolling Interests (Note 4)	**20,973**	**832,284**
Shareholders' (Deficit) Equity		
Class A Shares, no par value, 1,000,000,000 shares authorized, 181,544,024 and 181,026,455 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	—	—
Class B Shares, no par value, 750,000,000 shares authorized, 297,317,019 and 297,317,400 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	—	—
Paid-in capital	3,118,479	3,040,655
Appropriated retained deficit	—	(59,663)
Accumulated deficit	(3,569,970)	(3,396,822)
Shareholders' deficit attributable to Class A Shareholders	(451,491)	(415,830)
Shareholders' equity attributable to noncontrolling interests	179,186	1,656,398
Total Shareholders' (Deficit) Equity	**(272,305)**	**1,240,568**
Total Liabilities, Redeemable Noncontrolling Interests and Shareholders' (Deficit) Equity	**$ 1,388,257**	**$ 10,685,643**

See notes to consolidated financial statements.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) — UNAUDITED

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Revenues				
Management fees	$ 128,513	$ 162,778	$ 428,822	$ 496,207
Incentive income	18,754	35,615	57,477	121,262
Other revenues	380	579	1,544	1,548
Income of consolidated Och-Ziff funds	458	126,931	1,262	361,136
Total Revenues	**148,105**	**325,903**	**489,105**	**980,153**
Expenses				
Compensation and benefits	57,758	70,602	169,762	211,895
Reorganization expenses	—	4,018	—	12,052
Interest expense	6,129	5,383	17,452	16,033
General, administrative and other	44,306	65,484	584,331	127,332
Expenses of consolidated Och-Ziff funds	17	82,576	316	220,847
Total Expenses	**108,210**	**228,063**	**771,861**	**588,159**
Other Income (Loss)				
Net gains (losses) on investments in Och-Ziff funds and joint ventures	803	(146)	1,302	43
Net gains (losses) of consolidated Och-Ziff funds	821	(20,627)	2,182	21,859
Total Other Income (Loss)	**1,624**	**(20,773)**	**3,484**	**21,902**
Income (Loss) Before Income Taxes	**41,519**	**77,067**	**(279,272)**	**413,896**
Income taxes	9,986	12,422	39,436	119,607
Consolidated and Comprehensive Net Income (Loss)	**$ 31,533**	**$ 64,645**	**$ (318,708)**	**$ 294,289**
Allocation of Consolidated and Comprehensive Net Income (Loss)				
Class A Shareholders	$ 14,285	$ 17,417	$ (133,642)	$ 48,048
Noncontrolling interests	16,570	78,971	(186,867)	270,346
Redeemable noncontrolling interests	678	(31,743)	1,801	(24,105)
	$ 31,533	**$ 64,645**	**$ (318,708)**	**$ 294,289**
Earnings (Loss) Per Class A Share				
Basic	$ 0.08	$ 0.10	$ (0.73)	$ 0.27
Diluted	$ 0.05	$ 0.06	$ (0.75)	$ 0.26
Weighted-Average Class A Shares Outstanding				
Basic	182,521,225	177,805,122	182,508,296	177,711,669
Diluted	479,838,244	484,171,524	479,825,416	181,517,750
Dividends Paid per Class A Share	**$ —**	**$ 0.14**	**$ —**	**$ 0.83**

See notes to consolidated financial statements.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ (DEFICIT) EQUITY — UNAUDITED

	Och-Ziff Capital Management Group LLC Shareholders							
	Number of Class A Shares	Number of Class B Shares	Paid-in Capital	Appropriated Retained Deficit	Accumulated Deficit	Shareholders' Deficit Attributable to Class A Shareholders	Shareholders' Equity Attributable to Noncontrolling Interests	Total Shareholders' (Deficit) Equity
					(dollars in thousands)			
As of December 31, 2015	**181,026,455**	**297,317,400**	**$ 3,040,655**	**$ (59,663)**	**$ (3,396,822)**	**$ (415,830)**	**$ 1,656,398**	**$ 1,240,568**
Deconsolidation of Och-Ziff funds on adoption of ASU 2015-02 (See Note 3)	—	—	—	59,663	(39,887)	19,776	(1,321,488)	(1,301,712)
Capital contributions	—	—	—	—	—	—	2,547	2,547
Capital distributions	—	—	—	—	—	—	(225)	(225)
Dividend equivalents on Class A restricted share units	—	—	(381)	—	381	—	—	—
Equity-based compensation	517,569	(381)	19,469	—	—	19,469	33,445	52,914
Impact of changes in Och-Ziff Operating Group ownership (See Note 4)	—	—	(182)	—	—	(182)	182	—
Waiver of payments under tax receivable agreement (Note 15)	—	—	58,918	—	—	58,918	(4,806)	54,112
Comprehensive net loss, excluding amounts allocated to redeemable noncontrolling interests	—	—	—	—	(133,642)	(133,642)	(186,867)	(320,509)
As of September 30, 2016	**181,544,024**	**297,317,019**	**$ 3,118,479**	**$ —**	**$ (3,569,970)**	**$ (451,491)**	**$ 179,186**	**$ (272,305)**

See notes to consolidated financial statements.

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
	(dollars in thousands)	
Cash Flows from Operating Activities		
Consolidated net (loss) income	$ (318,708)	$ 294,289
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Reorganization expenses	—	12,052
Amortization of equity-based compensation	56,311	86,590
Depreciation, amortization and loss on asset held for sale	14,947	8,135
Deferred income taxes	31,038	105,263
Operating cash flows due to changes in:		
Income and fees receivable	77,760	388,350
Due from related parties	(9,888)	(2,771)
Other assets, net	8,460	37,211
Due to related parties	(12,133)	(48,059)
Compensation payable	(153,875)	(211,617)
Other liabilities	398,686	(9,514)
Consolidated Och-Ziff funds related items:		
Net gains of consolidated Och-Ziff funds	(2,182)	(21,859)
Purchases of investments	(185,940)	(3,273,867)
Proceeds from sale of investments	175,131	3,241,032
Other assets of consolidated Och-Ziff funds	9,078	(119,007)
Securities sold under agreements to repurchase	—	(71,716)
Other liabilities of consolidated Och-Ziff funds	558	(2,313)
Net Cash Provided by Operating Activities	**89,243**	**412,199**
Cash Flows from Investing Activities		
Purchases of fixed assets	(7,559)	(36,118)
Purchases of United States government obligations	(29,915)	—
Maturities of United States government obligations	18,500	—
Investment in Och-Ziff funds	(12,734)	(2,777)
Return of investment in Och-Ziff funds	1,493	296
Other, net	(17)	—
Net Cash Used in Investing Activities	**(30,232)**	**(38,599)**

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS — (continued)

	Nine Months Ended September 30,	
	2016	2015
	(dollars in thousands)	
Cash Flows from Financing Activities		
Contributions from noncontrolling and redeemable noncontrolling interests	2,551	580,080
Distributions to noncontrolling and redeemable noncontrolling interests	(225)	(743,887)
Dividends on Class A Shares	—	(146,346)
Proceeds from debt obligations	120,000	3,606
Repayment of debt obligations	(2,738)	(2,192)
Withholding taxes paid on vested RSUs	(2,340)	(5,341)
Other, net	141	1,222
Net Cash Provided (Used) by Financing Activities	**117,389**	**(312,858)**
Net Change in Cash and Cash Equivalents	176,400	60,742
Cash and Cash Equivalents, Beginning of Period	254,070	250,603
Cash and Cash Equivalents, End of Period	**$ 430,470**	**$ 311,345**

Supplemental Disclosure of Cash Flow Information		
Cash paid during the period:		
Interest	$ 10,374	$ 10,019
Income taxes	$ 10,563	$ 17,003
Non-cash transactions:		
Increase in paid in capital as a result of waiver of payments under tax receivable agreement (Note 15)	$ 54,112	$ —
Assets related to the initial consolidation of CLOs	$ —	$ 1,551,028
Liabilities related to the initial consolidation of CLOs	$ —	$ 1,572,801

See Note 3 for non-cash impact of the deconsolidation of Och-Ziff funds upon the adoption of ASU 2015-02.

See notes to consolidated financial statements.

1. OVERVIEW

Och-Ziff Capital Management Group LLC (the "Registrant"), a Delaware limited liability company, together with its consolidated subsidiaries (collectively, the "Company"), is a global alternative asset management firm with offices in New York, London, Hong Kong, Mumbai, Beijing, Dubai, Shanghai and Houston. The Company provides asset management services to its investment funds (the "Och-Ziff funds" or the "funds"), which pursue a broad range of global investment opportunities. The Company currently manages multi-strategy funds, dedicated credit funds, including opportunistic credit funds and Institutional Credit Strategies products, real estate funds and other alternative investment vehicles. Through Institutional Credit Strategies, the Company's asset management platform that invests in performing credits, the Company manages collateralized loan obligations ("CLOs") and other customized solutions for its clients.

The Company's primary sources of revenues are management fees, which are based on the amount of the Company's assets under management, and incentive income, which is based on the investment performance of its funds. Accordingly, for any given period, the Company's revenues will be driven by the combination of assets under management and the investment performance of the Och-Ziff funds.

The Company currently has two operating segments: the Och-Ziff Funds segment and the Company's real estate business. The Och-Ziff Funds segment is currently the Company's only reportable operating segment under U.S. generally accepted accounting principles ("GAAP") and provides asset management services to the Company's multi-strategy funds, dedicated credit funds and other alternative investment vehicles. The Company's real estate business, which provides asset management services to its real estate funds, is included within Other Operations, as it does not meet the threshold of a reportable operating segment under GAAP.

The Company generates substantially all of its revenues in the United States. The liability of the Company's Class A Shareholders is limited to the extent of their capital contributions.

The Company conducts its operations through OZ Management LP ("OZ Management"), OZ Advisors LP ("OZ Advisors I") and OZ Advisors II LP ("OZ Advisors II") and their consolidated subsidiaries (collectively, the "Och-Ziff Operating Group"). References to the Company's "executive managing directors" refer to the current limited partners of OZ Management, OZ Advisors and OZ Advisors II other than the Company's intermediate holding companies, including the Company's founder, Daniel S. Och, and, except where the context requires otherwise, include certain limited partners who are no longer active in the business of the Company. References to the Company's "active executive managing directors" refer to executive managing directors who remain active in the Company's business. References to the "Ziffs" refer collectively to Ziff Investors Partnership, L.P. II and certain of its affiliates and control persons. References to the Company's "intermediate holding companies" refer, collectively, to Och-Ziff Holding Corporation ("Och-Ziff Corp") and Och-Ziff Holding LLC, both of which are wholly owned subsidiaries of the Registrant.

During the first quarter of 2016, the Company adopted Accounting Standards Update ("ASU") 2015-02, *Amendments to the Consolidation Analysis*. As a result of this update, the Company no longer consolidates the majority of the previously consolidated Och-Ziff funds. See Notes 2 and 3 for additional information.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These unaudited, interim, consolidated financial statements are prepared in accordance with GAAP as set forth in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC"), and should be read in conjunction with the audited consolidated financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 2015 (the "Annual Report"). In the opinion of management, all adjustments considered necessary for a fair presentation of the Company's unaudited, interim, consolidated financial statements have been included and are of a normal and recurring nature. The results of operations presented for the interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year, primarily because of the majority of incentive income and discretionary cash bonuses being recorded in the fourth quarter each year. All significant intercompany transactions and balances have been eliminated in consolidation.

The Company adopted ASU 2015-02 as of January 1, 2016 using the modified retrospective method of transition, which resulted in a cumulative effect adjustment to opening equity. The Company did not restate prior-period results. The impact to the Company's opening retained earnings was driven by the cumulative effect of a change in incentive income recognition for the funds no longer consolidated, net of deferred income tax effects. As described in Note 2 of the Company's Annual Report, incentive income from funds not consolidated is recognized at the end of the applicable commitment period when the amounts are contractually payable and when no longer subject to clawback. Prior to deconsolidation, incentive income from these previously consolidated funds was recognized by allocating a portion of the net income of these funds to the Company rather than to the fund investors (noncontrolling interests) based on the contractual terms of the relevant fund agreements. This resulted in incentive income being recognized that was subject to clawback in the event of future losses in the respective funds.

The deconsolidation of the majority of its previously consolidated funds resulted in a substantial decrease in assets of consolidated Och-Ziff funds, liabilities of consolidated Och-Ziff funds, redeemable noncontrolling interests, appropriated retained deficit and shareholders' equity attributable to non-controlling interests in the Company's consolidated balance sheet. Additionally, the deconsolidation has caused a significant decrease in the amount of income of consolidated Och-Ziff funds, expenses of consolidated Och-Ziff funds, and net gains of consolidated Och-Ziff funds in the Company's consolidated statements of comprehensive income (loss).

As a result of the adoption of ASU 2015-02, the Company modified its consolidation policies, resulting in the deconsolidation of the majority of the previously consolidated Och-Ziff funds. The Company's updated consolidation policies are presented below.

Consolidation Policies

The Company's funds are typically organized using a "master-feeder" structure. Fund investors, including the Company's executive managing directors, employees and other related parties to the extent they invest in a given fund, generally invest directly into the feeder funds. These feeder funds are typically limited partnerships or limited companies that hold direct or indirect interests in a master fund. The master fund, together with its subsidiaries, is the primary investment vehicle for its feeder funds. The Company generally collects its management fees and incentive income from the feeder funds or subsidiaries of the feeder funds ("intermediate funds"), and does not collect any management fees or incentive income directly from the master funds. However, the Company also organizes certain funds (e.g., its real estate funds and certain opportunistic credit funds) without the use of a master-feeder structure. These are typically organized as limited partnerships, in which the Company is the general partner and collects management fees and incentive income directly from these entities; however, in the case of the real estate funds, the Company collects management fees directly from the funds' investors. The Company generally directs the activities of its funds through its role as general partner or as the investment or CLO collateral manager with decision-making rights.

The consolidated financial statements include the accounts of the Registrant and entities in which it, directly or indirectly, is determined to have a controlling financial interest under the following set of guidelines:

- ***Variable Interest Entities ("VIEs")***—The Company determines whether, if by design, an entity has any of the following characteristics: (i) equity investors who lack the characteristics of a controlling financial interest; (ii) the entity does not have sufficient equity at risk to finance its expected activities without additional subordinated financial support from other parties; or (iii) substantially all of the activities of the entity are performed on behalf of a party with disproportionately few voting rights. An entity with any one of these characteristics is a VIE. Partnerships, and similarly structured entities, will be considered as VIEs where a simple majority of third party investors with equity at risk are not able to exercise substantive kick-out or participating rights over the general partner.
- ***Voting Interest Entities ("VOEs")***—Where an entity does not have the characteristics of a VIE, it will be a VOE.

The determination of whether a fund is a VIE or a VOE is based on the facts and circumstances for each individual fund in accordance with the guidelines described below. Classification of such entities is reassessed where there is a substantive change in the governing documents or contractual arrangements of the entity, to the capital structure of the entity or in the activities of the entity. The Company continuously reassesses whether it should consolidate a VIE or VOE.

Prior to the Adoption of ASU 2015-02

Prior to the adoption of ASU 2015-02, the Company used two models for determining whether it was the primary beneficiary of a VIE depending on the nature and characteristics of the entity.

In the case of fund vehicles classified as VIEs that qualified for the deferral under ASU 2010-10, *Amendments to Statement 167 for Certain Investment Funds*, the primary beneficiary was the party that absorbed a majority of a VIEs' expected losses or received a majority of the expected residual returns as a result of holding variable interests. The Company was identified as the primary beneficiary of a fund where the Company's related party group absorbed a majority of the variability of the fund, and where the Company was determined to be most closely associated to the fund within that related party group.

In the case of the Company's CLOs and a certain joint venture that were classified as VIEs and did not qualify for the deferral under ASU 2010-10, the primary beneficiary was the party that had both (i) the power to direct the activities of the entity that most significantly impact the entity's economic performance; and (ii) the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the entity. The Company was identified as the primary beneficiary of the CLOs because it directed the investment activities of the CLOs and had the right to receive benefits from the CLOs that could potentially be significant as a result of its fee arrangements.

Finally, certain partnerships that were not determined to be VIEs in which the Company held a substantive equity investment and was determined to be the controlling general partner were classified as voting interest entities ("VOEs") and consolidated by the Company because the limited partners did not have substantive rights to participate in the ongoing governance and operating activities of the partnership.

Upon the Adoption of ASU 2015-02

Where the Company holds a variable interest in an entity, it is required to determine whether it should consolidate the entity. Under ASU 2015-02, fee arrangements are no longer considered variable interests when they are commensurate with the level of effort required to provide services and include only terms, conditions, or amounts that are customarily present in arrangements for similar services negotiated at arm's length, and where the Company does not hold other interests in the entity that would absorb more than an insignificant amount of the variability of the entity.

Where the Company does not have a variable interest in the entity, it will not consolidate the entity. Where the Company has a variable interest, it is required to determine whether the entity will be considered as a VIE or VOE, the classification of which will determine the analysis that the Company is required to perform when determining whether it should consolidate the entity.

Funds that are VIEs

Funds that the Company has determined to be VIEs are generally VIEs because fund investors are deemed to lack the characteristics of a controlling financial interest or the entity does not have sufficient equity.

The party identified as the primary beneficiary of a VIE is required to consolidate the entity. The Company is the primary beneficiary of a VIE where it has a controlling financial interest in the entity, which is defined as (i) the power to direct the activities of the entity that most significantly impact the entity's economic performance; and (ii) the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the entity. Where the Company does not have a controlling financial interest, but is part of a related party group under common control that collectively has power and benefits, an assessment as to which party within the related party group is more closely associated with the VIE and would therefore consolidate a VIE. This assessment would also be performed where power is shared within the related party group.

The types of funds that are VIEs and not consolidated are generally (i) master funds and intermediate fund vehicles for the Company's multi-strategy funds, as well as credit, real estate and similar fund vehicles, as third party investors in these entities have not been granted substantive removal rights and (ii) CLOs, as they lack sufficient equity at risk to finance their expected activities without additional subordinated financial support from other parties. The Company does not consolidate VIEs where it does not have a controlling financial interest.

The types of funds that are VIEs consolidated by the Company are certain new funds that the Company has seeded and generally expects to deconsolidate when the fund has a certain level of additional third party capital.

Funds that are VOEs

Funds that are corporations, or similarly structured entities that are not VIEs, are consolidated by the Company where the Company has an equity investment of greater than 50% and has control over significant operating, financial and investing decisions of the entity. The Company will consolidate partnerships, or similarly structured entities that are not VIEs, where a single investor or simple majority of third party investors with equity cannot exercise substantive kick-out or participating rights over the entity.

The types of funds that are VOEs and not consolidated by the Company are generally feeder funds of the Company's multi-strategy funds, as third party fund investors in these entities have been granted substantive removal rights.

Recently Adopted Accounting Pronouncements

In February 2015, the FASB issued ASU 2015-02, *Amendments to the Consolidation Analysis*. ASU 2015-02 significantly changes the consolidation analysis required under GAAP. The impact of adoption and the Company's revised consolidation policies incorporating the changes made by ASU 2015-02 are presented above.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance costs*. ASU 2015-03 simplifies the presentation of debt issuance costs by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The requirements of ASU 2015-03 were effective for the Company beginning in first quarter of 2016. The Company reclassified $5.8 million of debt issuance costs in its December 31, 2015 balance sheet from other assets to debt obligations upon the adoption of ASU 2015-03.

In May 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The requirements of ASU 2015-07 were effective for the Company beginning in the first quarter of 2016, and are applied retrospectively. The impact of ASU 2015-07 was limited to disclosure of the level in the fair value hierarchy of investments held by the Company that are measured using net asset value per share during the periods presented.

None of the other changes to GAAP that went into effect in the nine months ended September 30, 2016 has had a material effect on the Company's consolidated financial statements.

Future Adoption of Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605—*Revenue Recognition* and most industry-specific revenue recognition guidance throughout the ASC. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The requirements of ASU 2014-09 are effective for the Company beginning in the first quarter of 2018. Entities are permitted to apply the guidance in ASU 2014-09 using one of the following methods: (i) full retrospective application to each prior period presented, or (ii) modified retrospective application with a cumulative effect adjustment to opening retained earnings in the annual reporting period that includes that date of initial application. The Company is currently evaluating the impact, if any, that this update will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 significantly changes accounting for lease arrangements, in particular from the perspective of the lessee. The Company is not currently a lessor in any significant lease arrangements, but is a lessee in several lease arrangements that would be impacted by the ASU. Upon adoption of the ASU, where the Company is lessee, the Company will likely be required to recognize certain lease arrangements on its balance sheet for the first time, but will continue to recognize associated expenses on its statement of comprehensive income in a manner similar to existing accounting principles. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The requirements of ASU 2016-02 are effective for the Company beginning in the first quarter of 2019.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*. ASU 2016-09 will change how companies account for certain aspects of share-based payments to employees. Specifically, the ASU will require companies to recognize the income tax effects of awards in the statement of comprehensive income when the awards vest or are settled, increases the amount companies can withhold to cover income taxes on awards and still qualify for the exception to liability classification for shares used to satisfy the employer’s statutory income tax withholding obligation, and will require companies to elect whether to account for forfeitures of share-based payments by either recognizing forfeitures of awards as they occur or by estimating the number of awards expected to be forfeited and adjusting the estimate when it is likely to change, as is currently required. Entities are required to apply amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, and forfeitures using a modified retrospective transition method, while amendments related to the recognition of excess tax benefits and tax deficiencies in the statement of comprehensive income should be applied prospectively. The requirements of ASU 2016-09 are effective for the Company beginning in the first quarter of 2017 with early adoption permitted. The Company is currently evaluating the impact that this update will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 will make eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows and should be applied retrospectively. ASU 2016-15 is effective for the Company in the first quarter of 2018 with earlier adoption permitted. The Company is currently in the process of evaluating the impact of adoption on its consolidated financial statements.

None of the other changes to GAAP that are not yet effective are expected to have a material effect on the Company’s consolidated financial statements.

3. DECONSOLIDATION OF CERTAIN OCH-ZIFF FUNDS

As a result of the adoption of ASU 2015-02 on January 1, 2016, the Company is no longer required to consolidate the majority of the Och-Ziff funds previously consolidated. The table below presents the non-cash adjustments to the Company's balance sheet as a result of the deconsolidation upon the adoption of ASU 2015-02.

		(dollars in thousands)
Assets		
Income and fees receivable	$	8,715
Due from related parties		1,896
Deferred income tax assets		18,532
Other assets, net		3,331
Assets of consolidated Och-Ziff funds:		
Investments, at fair value		(9,036,433)
Other assets of Och-Ziff funds		(344,719)
Total Assets	**$**	**(9,348,678)**
Liabilities and Shareholders' Equity		
Liabilities		
Other liabilities	$	81,972
Liabilities of consolidated Och-Ziff funds:		
Notes and loans payable of consolidated CLOs, at fair value		(7,077,679)
Securities sold under agreements to repurchase		(190,751)
Other liabilities of Och-Ziff funds		(47,392)
Total Liabilities		**(7,233,850)**
Redeemable Noncontrolling Interests		**(813,116)**
Shareholders' Equity		
Appropriated retained deficit		59,663
Accumulated deficit		(39,887)
Shareholders' deficit attributable to Class A Shareholders		19,776
Shareholders' equity attributable to noncontrolling interests		(1,321,488)
Total Shareholders' Equity		**(1,301,712)**
Total Liabilities, Redeemable Noncontrolling Interests and Shareholders' Equity	**$**	**(9,348,678)**

4. NONCONTROLLING INTERESTS

Noncontrolling interests represent ownership interests in the Company's subsidiaries held by parties other than the Company, and primarily relate to the Och-Ziff Operating Group A Units held by the Company's executive managing directors, as well as fund investors' interests in the consolidated Och-Ziff funds. Net income (loss) allocated to the Och-Ziff Operating Group A Units is driven by the earnings (losses) of the Och-Ziff Operating Group. Net income allocated to fund investors' interests in consolidated Och-Ziff funds is driven by the earnings of those funds, including the net difference in the fair value of CLO assets and liabilities that are subsequently reclassified to appropriated retained earnings on the consolidated balance sheets.

As discussed in Notes 2 and 3, the Company deconsolidated the majority of the previously consolidated Och-Ziff funds, including all of the CLOs. As a result, noncontrolling interests and redeemable noncontrolling interests related to fund investors presented in the tables below decreased substantially from the prior year.

The following table presents the components of the net income (loss) allocated to noncontrolling interests:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Och-Ziff Operating Group A Units	$ 16,313	$ 43,505	$ (187,338)	$ 175,239
Consolidated Och-Ziff funds	—	35,266	262	94,723
Other	257	200	209	384
	$ 16,570	**$ 78,971**	**$ (186,867)**	**$ 270,346**

The following table presents the components of the shareholders' equity attributable to noncontrolling interests:

	September 30, 2016	December 31, 2015
	(dollars in thousands)	
Och-Ziff Operating Group A Units	$ 174,838	$ 429,312
Consolidated Och-Ziff funds	—	1,224,996
Other	4,348	2,090
	$ 179,186	**$ 1,656,398**

The following table presents the activity in redeemable noncontrolling interests as presented in the consolidated balance sheets:

	Nine Months Ended September 30,
	2016
	(dollars in thousands)
Beginning balance	$ 832,284
Deconsolidation of Och-Ziff funds on adoption of ASU 2015-02 (See Note 3)	(813,116)
Capital contributions	4
Comprehensive income	1,801
Ending Balance	**$ 20,973**

Och-Ziff Operating Group Ownership

The Company's interest in the Och-Ziff Operating Group increased to 37.9% as of September 30, 2016, from 37.8% as of December 31, 2015. Changes in the Company's interest in the Och-Ziff Operating Group have historically been, and in the future may be, driven by the following: (i) the exchange of Och-Ziff Operating Group A Units for an equal number of Class A Shares, at which time the related Class B Shares are also canceled; (ii) the issuance of Class A Shares under the Company's Amended and Restated 2007 Equity Incentive Plan and 2013 Incentive Plan, primarily related to the settlement of Class A restricted share units ("RSUs"); (iii) the forfeiture of Och-Ziff Operating Group A Units and related Class B Shares by a departing executive managing director; and (iv) the repurchase of Class A Shares and Och-Ziff Operating Group A Units. The Company's interest in the Och-Ziff Operating Group is expected to continue to increase over time as additional Class A Shares are issued upon the exchange of Och-Ziff Operating Group A Units and settlement of RSUs. These increases will be offset upon any conversion by an executive managing director of Och-Ziff Operating Group D Units, which are not considered equity for

GAAP purposes, into Och-Ziff Operating Group A Units, at which time an equal number of Class B Shares is also issued to the executive managing director.

5. FAIR VALUE DISCLOSURES

Fair value represents the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date (i.e., an exit price). Due to the inherent uncertainty of valuations of investments that are determined to be illiquid or do not have readily ascertainable fair values, the estimates of fair value may differ from the values ultimately realized, and those differences can be material.

GAAP prioritizes the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is impacted by a number of factors, including the type of assets and liabilities and the specific characteristics of the assets and liabilities. Assets and liabilities with readily available, actively quoted prices or for which fair value can be measured from actively-quoted prices generally will have a higher degree of market price observability and lesser degree of judgment used in measuring fair value.

Assets and liabilities measured at fair value are classified into one of the following categories:

- **Level I** – Fair value is determined using quoted prices that are available in active markets for identical assets or liabilities. The types of assets and liabilities that would generally be included in this category are certain listed equities, U.S. government obligations and certain listed derivatives.
- **Level II** – Fair value is determined using quotations received from dealers making a market for these assets or liabilities (“broker quotes”), valuations obtained from independent third-party pricing services, the use of models or other valuation methodologies based on pricing inputs that are either directly or indirectly market observable as of the measurement date. The types of assets and liabilities that would generally be included in this category are certain corporate bonds, certain credit default swap contracts, certain bank debt securities, certain commercial real estate debt, less liquid equity securities, forward contracts and certain over the-counter (“OTC”) derivatives.
- **Level III** – Fair value is determined using pricing inputs that are unobservable in the market and includes situations where there is little, if any, market activity for the asset or liability. The fair value of assets and liabilities in this category may require significant judgment or estimation in determining fair value of the assets or liabilities. The fair value of these assets and liabilities may be estimated using a combination of observed transaction prices, independent pricing services, relevant broker quotes, models or other valuation methodologies based on pricing inputs that are neither directly or indirectly market observable. The types of assets and liabilities that would generally be included in this category include real estate investments, equity and debt securities issued by private entities, limited partnerships, certain corporate bonds, certain credit default swap contracts, certain bank debt securities, certain commercial real estate debt, certain OTC derivatives, residential and commercial mortgage-backed securities, asset-backed securities, collateralized debt obligations, investments in affiliated credit funds, as well as the notes and loans payable of consolidated CLOs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset or liability’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Fair Value Measurements Categorized within the Fair Value Hierarchy

The following table summarizes the Company's assets and liabilities (excluding the assets and liabilities of the consolidated funds) measured at fair value on a recurring basis within the fair value hierarchy as of September 30, 2016 and December 31, 2015:

	Fair Value		
	September 30, 2016	December 31, 2015	Fair Value Hierarchy
	(dollars in thousands)		
United States government obligations included within:			
Cash and cash equivalents	$ 20,000	$ —	Level I
Other assets	$ 29,994	$ 18,501	Level I

Consolidated Funds

As a result of the adoption of ASU 2015-02, the Company no longer consolidates the majority of the previously consolidated Och-Ziff funds as of January 1, 2016. In addition, as a result of the adoption of ASU 2015-07, the Company no longer categorizes within the fair value hierarchy investments held at net asset value. Prior year amounts were restated upon the adoption of ASU 2015-07. See Notes 2 and 3 for additional information regarding these ASUs.

The following table summarizes the consolidated funds' assets measured at fair value on a recurring basis within the fair value hierarchy as of September 30, 2016:

	As of September 30, 2016			
	Level I	Level II	Level III	Total
	(dollars in thousands)			
Bank debt	$ —	$ 20,580	$ 16,250	$ 36,830
Total Investments, at Fair Value	**$ —**	**$ 20,580**	**$ 16,250**	**$ 36,830**

The following table summarizes the consolidated funds' assets and liabilities measured at fair value on a recurring basis within the fair value hierarchy as of December 31, 2015:

	As of December 31, 2015			
	Level I	Level II	Level III	Total
	(dollars in thousands)			
Bank debt	$ —	$ 4,809,367	$ 1,998,423	$ 6,807,790
Real estate investments	—	—	719,957	719,957
Residential mortgage-backed securities	—	—	323,571	323,571
Collateralized debt obligations	—	—	83,759	83,759
Energy and natural resources limited partnerships	2,100	—	70,604	72,704
Commercial real estate debt	—	—	18,295	18,295
Corporate bonds	—	75,149	—	75,149
United States government obligations	40,672	—	—	40,672
Asset-backed securities	—	—	23,739	23,739
Commercial mortgage-backed securities	—	—	13,803	13,803
Other investments	316	9	1,938	2,263
Financial Assets, at Fair Value	**$ 43,088**	**$ 4,884,525**	**$ 3,254,089**	**$ 8,181,702**
Investments held at net asset value				890,231
Total Investments, at Fair Value				**$ 9,071,933**
Senior secured notes and loans payable of consolidated CLOs	$ —	$ —	$ 6,636,838	$ 6,636,838
Subordinated notes payable of consolidated CLOs	—	—	440,841	440,841
Notes and loans payable of consolidated CLOs, at fair value	—	—	7,077,679	7,077,679
Other liabilities, included within other liabilities of Och-Ziff funds	2,527	298	—	2,825
Financial Liabilities, at Fair Value	**$ 2,527**	**$ 298**	**$ 7,077,679**	**$ 7,080,504**

Reconciliation of Fair Value Measurements Categorized within Level III

The Company assumes that any transfers between Level I, Level II or Level III occur at the beginning of the reporting period presented. Amounts related to the initial consolidation of the Company's CLOs or other funds are included within investment purchases.

The following table summarizes the changes in the Company's Level III assets and liabilities for the three months ended September 30, 2016:

	June 30, 2016	Transfers In	Transfers Out	Investment Purchases	Investment Sales	Derivative Settlements	Net Gains of Consolidated Och-Ziff Funds	September 30, 2016
	(dollars in thousands)							
Bank debt	$ 8,868	$ —	$ (925)	$ 19,317	$ (11,325)	$ —	$ 315	$ 16,250

The following table summarizes the changes in the Company's Level III assets and liabilities (excluding notes and loans payable of consolidated CLOs) for the three months ended September 30, 2015:

	June 30, 2015	Transfers In	Transfers Out	Investment Purchases	Investment Sales	Derivative Settlements	Net Gains (Losses) of Consolidated Och-Ziff Funds	September 30, 2015
	(dollars in thousands)							
Bank debt	$ 1,802,755	$ 585,086	$ (302,180)	$ 249,177	$ (273,840)	$ —	$ (43,452)	$ 2,017,546
Real estate investments	737,478	—	—	46,425	(109,908)	—	23,478	697,473
Residential mortgage-backed securities	414,331	—	—	6,433	(25,643)	—	(10,280)	384,841
Collateralized debt obligations	119,162	—	—	54	(10,187)	—	2,032	111,061
Energy and natural resources limited partnerships	77,865	—	—	435	—	—	(6,351)	71,949
Commercial real estate debt	61,267	—	—	—	(45,686)	—	2,402	17,983
Corporate bonds	14	—	—	—	—	—	(13)	1
Asset-backed securities	23,259	—	—	2,320	(878)	—	941	25,642
Commercial mortgage-backed securities	679	—	—	13,599	(761)	—	84	13,601
Other investments (including derivatives, net)	2,005	—	—	—	—	(298)	261	1,968
	$ 3,238,815	**$ 585,086**	**$ (302,180)**	**$ 318,443**	**$ (466,903)**	**$ (298)**	**$ (30,898)**	**$ 3,342,065**

The following table summarizes the changes in the Company's Level III assets and liabilities (excluding notes and loans payable of consolidated CLOs) for the nine months ended September 30, 2016:

	December 31, 2015	Transfers In	Transfers Out	Investment Purchases	Investment Sales (1)	Derivative Settlements	Net Gains of Consolidated Och-Ziff Funds	September 30, 2016
	(dollars in thousands)							
Bank debt	$ 1,998,423	$ —	$ (466)	$ 66,545	$ (2,049,067)	$ —	$ 815	$ 16,250
Real estate investments	719,957	—	—	—	(719,957)	—	—	—
Residential mortgage-backed securities	323,571	—	—	—	(323,571)	—	—	—
Collateralized debt obligations	83,759	—	—	—	(83,759)	—	—	—
Energy and natural resources limited partnerships	70,604	—	—	—	(70,604)	—	—	—
Commercial real estate debt	18,295	—	—	—	(18,295)	—	—	—
Corporate bonds	—	—	—	—	—	—	—	—
Asset-backed securities	23,739	—	—	—	(23,739)	—	—	—
Commercial mortgage-backed securities	13,803	—	—	—	(13,803)	—	—	—
Other investments (including derivatives, net)	1,938	—	—	—	(1,938)	—	—	—
	$ 3,254,089	**$ —**	**$ (466)**	**$ 66,545**	**$ (3,304,733)**	**$ —**	**$ 815**	**$ 16,250**

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(1) Amounts related to the deconsolidation of the Company's funds upon the adoption of ASU 2015-02 are included within investment sales.

The following table summarizes the changes in the Company's Level III assets and liabilities (excluding notes and loans payable of consolidated CLOs) for the nine months ended September 30, 2015:

	December 31, 2014	Transfers In	Transfers Out	Investment Purchases	Investment Sales	Derivative Settlements	Net Gains (Losses) of Consolidated Och-Ziff Funds	September 30, 2015
	(dollars in thousands)							
Bank debt	$ 2,224,032	$ 395,995	$ (642,790)	$ 1,000,120	$ (937,128)	$ —	$ (22,683)	$ 2,017,546
Real estate investments	645,916	—	—	184,535	(207,955)	—	74,977	697,473
Residential mortgage-backed securities	462,927	—	—	33,048	(98,020)	—	(13,114)	384,841
Collateralized debt obligations	173,746	—	—	7,478	(84,103)	—	13,940	111,061
Energy and natural resources limited partnerships	65,909	—	—	15,707	(3,467)	—	(6,200)	71,949
Commercial real estate debt	29,815	—	—	33,891	(48,849)	—	3,126	17,983
Corporate bonds	656	—	—	147	(521)	—	(281)	1
Asset-backed securities	21,368	—	—	6,141	(2,844)	—	977	25,642
Commercial mortgage-backed securities	3,287	—	—	13,598	(3,665)	—	381	13,601
Other investments (including derivatives, net)	2,144	—	—	—	(233)	(668)	725	1,968
	$ 3,629,800	**$ 395,995**	**$ (642,790)**	**$ 1,294,665**	**$ (1,386,785)**	**$ (668)**	**$ 51,848**	**$ 3,342,065**

Transfers out of Level III presented in the tables above resulted from the fair values of certain securities becoming market observable, with fair value determined using independent pricing services. Transfers into Level III presented in the table above resulted from the valuation of certain investments with decreased market observability, with fair values determined using broker quotes or independent pricing services. There were no transfers between Levels I and II during the periods presented above.

The table below summarizes the net change in unrealized gains and losses on the Company's Level III assets and liabilities (excluding notes and loans payable of consolidated CLOs) held as of the reporting date. These gains and losses are included within net gains of consolidated Och-Ziff funds in the Company's consolidated statements of comprehensive income (loss):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Bank debt	$ 242	$ (42,491)	$ 322	$ (27,838)
Real estate investments	—	(4,892)	—	25,920
Residential mortgage-backed securities	—	(14,072)	—	(20,252)
Collateralized debt obligations	—	(2,239)	—	(1,194)
Energy and natural resources limited partnerships	—	(6,352)	—	(6,200)
Commercial real estate debt	—	(99)	—	623
Corporate bonds	—	(13)	—	(252)
Asset-backed securities	—	993	—	1,187
Commercial mortgage-backed securities	—	(34)	—	(337)
Other investments (including derivatives, net)	—	(46)	—	47
	$ 242	**$ (69,245)**	**$ 322**	**$ (28,295)**

The table below summarizes the changes in the notes and loans payable of consolidated CLOs for the three and nine months ended September 30, 2015. As a result of the adoption of ASU 2015-02, the Company no longer consolidates any of its CLOs as of January 1, 2016. Accordingly, no tables are presented for the three and nine months ended September 30, 2016.

For the three and nine months ended September 30, 2015, the Company recorded net unrealized gains of $130.1 million and $93.5 million for notes and loans payable of consolidated CLOs still outstanding as of September 30, 2015. Amounts related to the initial consolidation of the Company's CLOs are included within issuances in the table below.

	June 30, 2015	Issuances	Settlements	Net Gains of Consolidated Och-Ziff Funds	September 30, 2015
	(dollars in thousands)				
Senior secured notes and loans payable of consolidated CLOs	$ 5,827,658	$ 924,526	$ (459,000)	$ (64,878)	$ 6,228,306
Subordinated notes payable of consolidated CLOs	500,423	40,999	—	(65,172)	476,250
	$ 6,328,081	**$ 965,525**	**$ (459,000)**	**$ (130,050)**	**$ 6,704,556**

	December 31, 2014	Issuances	Settlements	Net Losses (Gains) of Consolidated Och-Ziff Funds	September 30, 2015
			(dollars in thousands)		
Senior secured notes and loans payable of consolidated CLOs	$ 4,784,134	$ 1,900,069	$ (459,000)	$ 3,103	$ 6,228,306
Subordinated notes payable of consolidated CLOs	443,277	127,633	—	(94,660)	476,250
	$ 5,227,411	**$ 2,027,702**	**$ (459,000)**	**$ (91,557)**	**$ 6,704,556**

Valuation Methodologies for Fair Value Measurements Categorized within Levels II and III

Bank Debt; Residential and Commercial Mortgage-Backed Securities; Collateralized Debt Obligations; Commercial Real Estate Debt; Corporate Bonds; Asset-Backed Securities; Notes and Loans Payable of Consolidated CLOs

The fair value of investments in bank debt, residential and commercial mortgage-backed securities, collateralized debt obligations, commercial real estate debt, corporate bonds, asset-backed securities, and notes and loans payable of consolidated CLOs that do not have readily ascertainable fair values is generally determined using broker quotes or independent pricing services. For month-end valuations, the Company generally receives one to four broker quotes for each security, depending on the type of security being valued. These broker quotes are generally non-binding or indicative in nature. The Company verifies that these broker quotes are reflective of fair value as defined in GAAP generally through procedures such as comparison to independent pricing services, back testing procedures, review of stale pricing reports and performance of other due diligence procedures as may be deemed necessary. Historically, the Company has only adjusted a small number of broker quotes when used in determining final valuations for securities as a result of these procedures.

To the extent broker quotes are not available or deemed unreliable, the methods and procedures to value these investments may include, but are not limited to: obtaining and using other additional broker quotes deemed reliable; using independent pricing services; performing comparisons with prices of comparable or similar securities; obtaining valuation-related information from the issuers; calculating the present value of future cash flows; assessing other analytical data and information relating to these investments that is an indication of their value; obtaining information provided by third parties; reviewing the amounts invested in these investments; and evaluating financial information provided by the management of these investments. Market data is used to the extent that it is observable and considered reliable.

The significant unobservable inputs used in the fair value measurement of the Company's bank debt, residential and commercial mortgage-backed securities, commercial real estate debt, corporate bonds and asset-backed securities that are not valued using broker quotes or independent pricing services are discount rates and yields. Significant increases (decreases) in the discount rates and yields in isolation would be expected to result in a significantly lower (higher) fair value measurement.

Real Estate Investments

Real estate investments are generally structured as equity, preferred equity, mezzanine debt, and participating debt in entities domiciled primarily in the United States and include investments in lodging, gaming, multifamily properties, retail, healthcare, distressed residential, senior housing, golf, parking, office buildings and land. The fair values of these investments are generally based upon discounting the expected cash flows from the investment or a cash flow multiple. In reaching the determination of fair value for investments, the Company considers many factors including, but not limited to: the operating cash flows and financial performance of the real estate investments relative to budgets or projections; property types; geographic locations; the physical condition of the asset; prevailing market capitalization rates; prevailing market discount rates; general economic conditions; economic conditions specific to the market in which the assets are located; the prevailing interest rate environment; the prevailing state of the debt markets; comparable public company trading multiples; independent third-party appraisals; available pricing data on comparable properties in the specific market in which the asset is located; expected exit timing and strategy; and any specific rights or terms associated with the investment.

The significant unobservable inputs used in the fair value measurement of the Company's real estate investments are discount rates, cash flow growth rates, capitalization rates, the price per square foot, the absorption percentage per year and exit multiples. Significant increases (decreases) in the discount rates and capitalization rates in isolation would be expected to result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in the cash flow growth rates, the price per square foot, the absorption rate per year and exit multiples in isolation would be expected to result in a significantly higher (lower) fair value measurement. A change in the assumption used for price per square foot is generally accompanied by a directionally inverse change in the absorption percentage per year.

Energy and Natural Resources Limited Partnerships

The fair value of energy and natural resources limited partnerships is generally determined using discounted cash flows when assets are producing oil or gas, or when it is reasonably certain that an asset will be capable of producing oil or gas, or using recent financing for certain investments. Acreage with proven undeveloped, probable or possible reserves are valued using prevailing prices of comparable properties, and may include adjustments for other assets or liabilities such as seismic data, equipment, and cash held by the investee. Certain natural resource assets may also be valued using scenario analyses and sum of the parts analyses.

The significant unobservable inputs used in the fair value measurement of the Company's energy and natural resources limited partnerships that are not measured using net asset value are discount rates, EBITDA multiples, price per acre and production multiples. Significant increases (decreases) in the discount rates in isolation would be expected to result in a lower (higher) fair value measurement. Significant increases (decreases) in the EBITDA multiples, price per acre, price per square foot and production multiples in isolation would be expected to result in a significantly higher (lower) fair value measurement.

Information about Significant Inputs Used in Fair Value Measurements Categorized within Level III

The table below summarizes information about the significant unobservable inputs used in determining the fair value of the Level III assets held by the consolidated funds as of September 30, 2016.

Type of Investment or Liability	Fair Value at September 30, 2016 (in thousands)	Valuation Technique	Unobservable Input	Range (Weighted-Average)
Bank debt	$ 16,250	Independent pricing services	n/a	

The table below summarizes information about the significant unobservable inputs used in determining the fair value of the Level III assets and liabilities held by the consolidated funds as of December 31, 2015.

Type of Investment or Liability	Fair Value at December 31, 2015 (in thousands)	Valuation Technique	Unobservable Input	Range (Weighted-Average)
Bank debt	$ 1,949,227	Independent pricing services	n/a	
	49,196	Yield analysis	Yield	14% to 23% (16%)
Real estate investments	$ 719,957	Discounted cash flow	Discount rate	10% to 30% (19%)
			Cash flow growth rate	-24% to 36% (3%)
			Capitalization rate	6% to 12% (8%)
			Price per square foot	$50 to $187 ($159)
			Absorption rate per year	0% to 27% (8%)
			Exit multiple	5.9x to 18.9x (10.3x)
Residential mortgage-backed securities	$ 312,839	Broker quotes	n/a	
	10,732	Independent pricing services	n/a	

Type of Investment or Liability		Fair Value at December 31, 2015 (in thousands)	Valuation Technique	Unobservable Input	Range (Weighted-Average)
Collateralized debt obligations	$	83,759	Broker quotes	n/a	
Energy and natural resources limited partnerships	$	49,326	Scenario analysis	Discount rate	10% to 25% (19%)
				EBITDA multiple	5.5x to 7.3x (6.4x)
				Price per acre	$1,750
				Production multiple (price per thousand cubic feet equivalent per day)	$6,750 to $9,167 ($7,662)
		18,672	Sum of the parts	Discount rate	15%
				Price per acre	$437
		2,606	Discounted cash flow	Discount rate	15%
Commercial real estate debt	$	7,010	Yield analysis	Yield	13% to 18% (16%)
	$	11,285	Discounted cash flow	Discount rate	15%
Asset-backed securities	$	22,428	Broker quotes	n/a	
		1,311	Discounted cash flow	Discount rate	14%
Commercial mortgaged-backed securities	$	13,803	Broker quotes	n/a	
Senior secured notes and loans payable of consolidated CLOs	$	6,636,838	Broker quotes	n/a	
Subordinated notes payable of consolidated CLOs	$	440,841	Broker quotes	n/a	

Valuation Process for Fair Value Measurements Categorized within Level III

The Company has established an internal control infrastructure over the valuation of financial instruments that includes ongoing oversight by its Financial Controls Group and Valuation Committee, as well as periodic audits by the Company's Internal Audit Group. These control functions are segregated from the trading and investing functions.

The Valuation Committee is responsible for establishing the valuation policy and monitors compliance with the valuation policy, ensuring that all of the funds' investments reflect fair value, as well as providing oversight of the valuation process. These valuation policies and procedures include, but are not limited to the following: determining the pricing sources used to value specific investment classes; the selection of independent pricing services; the periodic review of due diligence materials of independent pricing services; and the fair value hierarchy coding of the funds' investments. The Valuation Committee reviews a variety of reports on a monthly basis, which include, but are not limited to the following: summaries of the sources used to determine the value of the funds' investments; summaries of the fair value hierarchy of the funds' investments; and variance reports that compare the values of investments to independent pricing services. The Valuation Committee is comprised of non-investment professionals and may obtain input from investment professionals for consideration in carrying out its responsibilities.

The Financial Controls Group is responsible for complying with the valuation policies, performing price verification and preparing the monthly valuation reports reviewed by the Valuation Committee. The Financial Controls Group's other responsibilities include, but are not limited to the following: overseeing the collection and evaluation of counterparty prices, broker-dealer quotations, exchange prices and third party pricing feeds; performing back testing by comparing prices observed in executed transactions to previous day valuations and/or valuations provided by independent pricing service providers on a bi-weekly and monthly basis; performing due diligence reviews on independent pricing services on an annual or as needed basis; and recommending changes in valuation policies to the Valuation Committee.

The Internal Audit Group employs a risk-based program of audit coverage that is designed to provide an assessment of the design and effectiveness of controls over the Company's operations, regulatory compliance, valuation of financial instruments and reporting. Additionally, the Internal Audit Group meets periodically with management and the Audit Committee of the Company's Board of Directors to evaluate and provide guidance on the existing risk framework and control environment assessments.

Monthly procedures have been established for Level III investments, which include comparing unobservable inputs to observable inputs for similar positions, reviewing subsequent market activities, performing comparisons of actual versus projected performance indicators, and discussing the valuation methodology, including pricing techniques when applicable, with investment professionals. Independent pricing services may be used to corroborate the Company's internal valuations. Investment professionals and members of the Financial Controls Group review a daily profit and loss report, as well as other periodic reports that analyze the profit and loss and related asset class exposure of the funds' investments.

Fair Value of Other Financial Instruments

Management estimates that the carrying value of the Company's other financial instruments, mainly its Senior Notes, as well as the Revolving Credit Facility and the Aircraft Loan (each as defined in Note 10), approximated their fair values as of September 30, 2016. The Senior Notes are categorized as Level II and the Revolving Credit Facility and the Aircraft Loan are categorized as Level III within the fair value hierarchy.

6. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

In the ordinary course of business, certain consolidated funds have entered into certain repurchase agreements that are subject to master agreements that provide for payment netting and that, in the case of a default or similar event with respect to the counterparty to the master agreement, provide for netting across transactions. Generally, upon a counterparty default, the fund can terminate all transactions under the master agreement and set off amounts it owes across all transactions under a particular master agreement against collateral it has received under such master agreement; provided, however, that in the case of certain defaults, the fund may only be able to terminate and set off solely with respect to the transactions affected by the default. Generally, the funds party to these agreements manage cash and securities collateral on a counterparty basis as permitted under each master agreement.

The table below presents the repurchase agreements that are set off, if any, as well as securities transferred to counterparties related to those repurchase agreements (capped so that the net amount presented will not be reduced below zero). No other material financial instruments were subject to master netting agreements or other similar agreements. As a result of the adoption of ASU 2015-02, the Company no longer consolidates the majority of the previously consolidated Och-Ziff funds as of January 1, 2016. The deconsolidation resulted in no amounts being reportable as of September 30, 2016.

Securities Sold Under Agreements to Repurchase	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Liabilities in the Consolidated Balance Sheet	Securities Transferred	Net Amount
			(dollars in thousands)		
As of December 31, 2015	$ 190,751	$ —	$ 190,751	$ 190,751	$ —

The table below presents the remaining contractual maturity of the repurchase agreements by class of collateral pledged.

	As of December 31, 2015				
Securities Sold Under Agreements to Repurchase	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater Than 90 Days	Total
	(dollars in thousands)				
Collateralized debt obligations	$ —	$ 9,004	$ 20,418	$ —	$ 29,422
Residential mortgage-backed securities	—	87,719	6,605	59,242	153,566
United States government obligations	7,763	—	—	—	7,763
Total	**$ 7,763**	**$ 96,723**	**$ 27,023**	**$ 59,242**	**$ 190,751**

The repurchase agreements entered into by certain of the consolidated funds may result in credit exposure to those funds in the event the counterparty to the transaction is unable to fulfill its contractual obligations. The funds minimize the credit risk associated with these activities by monitoring counterparty credit exposure and collateral values on a daily basis and requiring additional collateral where appropriate.

7. VARIABLE INTEREST ENTITIES

In the ordinary course of business, the Company sponsors the formation of funds that are considered VIEs. See Note 2 for a discussion of entities that are VIEs and the evaluation of those entities for consolidation by the Company.

The table below presents the assets and liabilities of VIEs consolidated by the Company. As a result of the adoption of ASU 2015-02 on January 1, 2016, the Company is no longer required to consolidate the majority of the Och-Ziff funds that were previously consolidated, including all CLOs.

	September 30, 2016	December 31, 2015	
	Other Funds	CLOs	Other Funds
	(dollars in thousands)		
Assets			
Assets of consolidated Och-Ziff funds:			
Investments, at fair value	$ 36,830	$ 6,750,296	$ 1,199,633
Other assets of Och-Ziff funds	2,633	308,917	19,647
Total Assets	**$ 39,463**	**$ 7,059,213**	**$ 1,219,280**
Liabilities			
Liabilities of consolidated Och-Ziff funds:			
Notes and loans payable of consolidated CLOs, at fair value	$ —	$ 7,077,679	$ —
Securities sold under agreements to repurchase	—	—	3,583
Other liabilities of Och-Ziff funds	653	34,197	9,840
Total Liabilities	**$ 653**	**$ 7,111,876**	**$ 13,423**

The assets presented in the table above belong to the investors in those funds, are available for use only by the fund to which they belong, and are not available for use by the Company. The consolidated funds have no recourse to the general credit of the Company with respect to any liability.

The Company's direct involvement with funds that are VIEs and not consolidated by the Company is generally limited to providing asset management services and, in certain cases, insignificant equity investments in the VIEs. The maximum exposure to loss represents the potential loss of current investments or income and fees receivables from these entities, as well as the obligation to repay unearned revenues, primarily incentive income subject to clawback, in the event of any future fund losses. The Company has commitments to fund certain funds that are VIEs as discussed in Note 15. The Company does not provide, nor is it required to provide, any type of non-contractual financial or other support to its VIEs that are not consolidated.

The table below presents the net assets of VIEs in which the Company has variable interests as of September 30, 2016 and December 31, 2015, respectively.

	September 30, 2016	December 31, 2015
	(dollars in thousands)	
Net assets of unconsolidated VIEs in which the Company has a variable interest(1)	$ 3,216,329	$ 32,878,450
Variable interest in assets and liabilities related to unconsolidated VIEs:		
Unearned revenues	93,535	314
Income and fees receivable	3,123	66,215
Investments in Och-Ziff funds	18,773	4,924
Maximum Exposure to Loss	**$ 115,431**	**$ 71,453**

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(1) The significant decline in the net assets period over period was due to the adoption of ASU 2015-02 on January 1, 2016. Prior to adoption of ASU 2015-02, management fees and incentive income were considered to be direct variable interests in the Company's funds. Subsequent to the adoption of ASU 2015-02, these fees were no longer considered to be variable interests when they were deemed customary and commensurate with the services being performed, and therefore only entities in which the Company holds other direct variable interests are included in the disclosure.

8. OTHER ASSETS, NET

The following table presents the components of other assets, net as reported in the consolidated balance sheets:

	September 30, 2016	December 31, 2015
	(dollars in thousands)	
Fixed Assets:		
Aircraft held for sale	$ 53,665	$ —
Corporate aircraft	23,020	85,840
Leasehold improvements	52,646	51,814
Computer hardware and software	39,039	33,485
Furniture, fixtures and equipment	8,852	8,765
Accumulated depreciation and amortization	(65,604)	(60,899)
Fixed assets, net	111,618	119,005
United States government obligations, at fair value	29,994	18,501
Goodwill	22,691	22,691
Investments in Och-Ziff funds	20,870	6,019
Prepaid expenses	9,725	21,472
Other	9,054	5,287
Total Other Assets, Net	**$ 203,952**	**$ 192,975**

In the third quarter of 2016, the Company reclassified one of its corporate aircraft as held for sale, as it expects to complete the sale of this aircraft in the following 12 months. As a result, the Company recorded a loss of $4.4 million to reduce the carrying value to the aircraft's current estimated fair value less expected selling costs. The Company reported the loss within general, administrative and other expenses in the Company's consolidated statements of comprehensive income (loss).

9. OTHER LIABILITIES

The following table presents the components of other liabilities as reported in the consolidated balance sheets:

	September 30, 2016	December 31, 2015
	(dollars in thousands)	
FCPA settlements liability (Note 15)	$ 412,101	$ —
Unearned revenues (1)	93,721	314
Accrued expenses	28,534	54,692
Deferred rent credit	14,615	17,436
Other	15,243	11,371
Total Other Liabilities	**$ 564,214**	**$ 83,813**

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(1) The significant increase in unearned revenues was the result of the deconsolidation of the majority of the Company's funds upon the adoption of ASU 2015-02 on January 1, 2016. Prior to the deconsolidation, incentive income from the consolidated funds was eliminated in consolidation.

10. DEBT OBLIGATIONS

As of September 30, 2016, the Company's outstanding indebtedness was primarily comprised of senior notes (the "Senior Notes"), borrowings under a revolving credit facility (the "Revolving Credit Facility") and a secured term loan to finance the purchase of a new corporate aircraft (the "Aircraft Loan").

Senior Notes

On November 20, 2014, the Company issued $400.0 million of Senior Notes due November 20, 2019, unless earlier redeemed or repurchased. The Senior Notes were issued at a price of 99.417% of the aggregate principal amount and bear interest at a rate per annum of 4.50% payable semiannually in arrears. The Senior Notes are unsecured and unsubordinated obligations issued by a subsidiary of the Company, Och-Ziff Finance Co. LLC ("Och-Ziff Finance"), and are fully and unconditionally guaranteed, jointly and severally, on an unsecured and unsubordinated basis by OZ Management, OZ Advisors I and OZ Advisors II (collectively, the "Senior Notes Guarantors").

The Senior Notes may be redeemed from time to time at the Company's option, in whole or in part, at a redemption price equal to the greater of 100% of the principal amount to be redeemed and a make-whole redemption price (as defined in the Senior Notes indenture), in either case, plus any accrued and unpaid interest. If a change of control repurchase event occurs, the Company will be required to offer to repurchase the Senior Notes at a price equal to 101% of the aggregate principal amount, plus any accrued and unpaid interest.

The Senior Notes do not have any financial maintenance covenants. However, the Senior Notes include certain covenants, including limitations on Och-Ziff Finance's and, as applicable, the Senior Notes Guarantors' ability to, subject to exceptions, incur indebtedness secured by liens on voting stock or profit participating equity interests of their respective subsidiaries or merge, consolidate or sell, transfer or lease all or substantially all assets. The Senior Notes also provide for customary events of default, bankruptcy, insolvency or reorganization that may cause the Senior Notes to become immediately due and payable, plus any accrued and unpaid interest.

Revolving Credit Facility

On November 20, 2014, the Company entered into a $150.0 million, 5-year unsecured Revolving Credit Facility, which was subsequently amended on December 29, 2015, the proceeds of which may be used for working capital, general corporate purposes or other liquidity needs. The facility matures on November 20, 2019. The borrower under the Revolving Credit Facility is OZ Management and the facility is guaranteed by OZ Advisors I, OZ Advisors II and Och-Ziff Finance. The Company is able to increase the maximum amount of credit available under the facility to $225.0 million if certain conditions are satisfied. On April 29, 2016, the Company borrowed $120.0 million pursuant to the Revolving Credit Facility. As of September 30, 2016, the Company had $120.0 million of outstanding borrowings under the facility.

The Company is subject to a fee of 0.10% to 0.25% per annum on undrawn commitments during the term of the Revolving Credit Facility. Outstanding borrowings will bear interest at a rate per annum of LIBOR plus 1.00% to 2.00%, or a base rate plus 0% to 1.00%. The commitment fees and the spreads over LIBOR or the base rate are based on OZ Management's credit rating throughout the term of the facility. The interest rate on the drawn portion of the commitment as of September 30, 2016 was LIBOR plus 1.75%, and the undrawn commitment fee was 0.20%.

The Revolving Credit Facility includes two financial maintenance covenants. The first covenant prohibits total fee-paying assets under management as of the last day of any fiscal quarter to be less than $22.0 billion for two successive quarters. The second covenant prohibits the economic income leverage ratio (as defined in the Revolving Credit Facility) as of the last day of any fiscal quarter from exceeding 4.0 to 1.0. The Revolving Credit Facility allows a limited right to cure an event of default resulting from noncompliance with the economic income leverage ratio test with an equity contribution made to the borrower, OZ Management. Such cure right may not be used more than two times in any four-quarter period or more than three times during the term of the facility.

The Revolving Credit Facility includes provisions that restrict or limit, among other things, the ability of Och-Ziff Operating Group from:

- Incurring additional indebtedness or issuing certain equity interest.
- Creating liens.
- Paying dividends or making certain other payments when there is a default or event of default under the Revolving Credit Facility.
- Merging, consolidating, selling or otherwise disposing of its assets.
- Engaging in certain transactions with shareholders or affiliates.
- Engaging in a substantially different line of business.
- Amending its organizational documents in a manner materially adverse to the lenders.

The Revolving Credit Facility permits the Och-Ziff Operating Group to incur, among other things, up to $150.0 million of indebtedness, up to an additional $200.0 million of indebtedness for financing of CLO risk retention investments and additional indebtedness so long as, after giving effect to the incurrence of such indebtedness, it is in compliance with an economic income leverage ratio of 4.0 to 1.0 and no default or event of default has occurred and is continuing. The facility also permits the Och-Ziff Operating Group to create liens to, among other things, secure indebtedness related to financing of CLO risk retention investments, as well as other indebtedness and obligations of up to $50.0 million.

Aircraft Loan

On February 14, 2014, the Company entered into the Aircraft Loan to finance installment payments towards the purchase of a new corporate aircraft that was delivered to the Company in February 2015. The Aircraft Loan is guaranteed by OZ Management, OZ Advisors I and OZ Advisors II. As of September 30, 2016, $47.8 million was outstanding under the Aircraft Loan.

Outstanding borrowings bear interest at a rate of 3.22% per annum, and the balance is payable in equal monthly installments of principal and interest over the term of the facility beginning on the aircraft delivery date, with a balloon payment of $30.8 million due upon maturity on February 4, 2022. There are no financial covenants associated with the Aircraft Loan. The Aircraft Loan includes other customary terms and conditions, including customary events of default and covenants.

Notes and Loans Payable of Consolidated CLOs

Prior to the adoption of ASU 2015-02 on January 1, 2016, the Company consolidated the CLOs it manages. As a result, the senior and subordinated notes and loans issued by the CLOs were included in the Company's consolidated balance sheet as of December 31, 2015. Notes and loans payable of the consolidated CLOs are collateralized by the assets held by the CLOs and the assets of one CLO may not be used to satisfy the liabilities of another. This collateral generally consists of corporate loans, corporate bonds and other securities. As of December 31, 2015, the fair value of the CLO assets was $7.1 billion.

The Company elected to carry these notes and loans payable at fair value in its consolidated balance sheet to mitigate the accounting mismatch between the carrying values of the assets and liabilities of the consolidated CLOs prior to deconsolidation. The Company recorded net gains of $130.1 million and $91.6 million for the three and nine months ended September 30, 2015. These net losses are included within net gains (losses) of consolidated Och-Ziff funds in the statements of comprehensive income. The majority of these changes relate to changes in instrument specific credit risk, as the majority of these are floating-rate instruments.

The table below presents information related to the CLO notes and loans outstanding as of December 31, 2015. The subordinated notes have no stated interest rate, and are entitled to any excess cash flows after contractual payments are made to the senior secured notes and loans. As a result of the adoption of ASU 2015-02 referenced above, there were no notes or loans payable of consolidated CLOs as of September 30, 2016.

	As of December 31, 2015			
	Borrowings Outstanding	Fair Value	Weighted-Average Interest Rate	Weighted-Average Maturity in Years
	(dollars in thousands)			
Senior secured notes and loans payable of consolidated CLOs	$ 6,810,350	$ 6,636,838	2.45%	10.5
Subordinated notes payable of consolidated CLOs	688,578	440,841	N/A	10.5
Total Notes and Loans Payable of Consolidated CLOs	**$ 7,498,928**	**$ 7,077,679**		

11. GENERAL, ADMINISTRATIVE AND OTHER

The following table presents the components of general, administrative and other expenses as reported in the consolidated statements of comprehensive income (loss):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Professional services	$ 18,179	$ 23,331	$ 61,374	$ 51,589
Recurring placement and related service fees	8,808	12,553	31,362	37,427
Occupancy and equipment	9,412	8,724	27,903	25,643
Information processing and communications	7,997	8,577	26,671	22,694
Insurance	3,999	4,213	12,030	12,586
Business development	2,458	3,644	10,916	10,960
Other expenses	7,456	3,909	13,964	14,326
	58,309	64,951	184,220	175,225
FCPA settlements liability accrual (Note 15)	(2,184)	—	412,101	—
Changes in tax receivable agreement liability	(11,819)	533	(11,990)	(47,893)
Total General, Administrative and Other	**$ 44,306**	**$ 65,484**	**$ 584,331**	**$ 127,332**

12. INCOME TAXES

The computation of the effective tax rate and provision at each interim period requires the use of certain estimates and significant judgment including, but not limited to, the expected operating income for the year, projections of the proportion of income earned and taxed in foreign jurisdictions, permanent differences, and the likelihood of recovering deferred tax assets existing as of the balance sheet date. The estimates used to compute the provision for income taxes may change as new events occur, additional information is obtained or as tax laws and regulations change. Additionally, the Company records the majority of its incentive income and discretionary cash bonuses in the fourth quarter each year. Accordingly, the effective tax rate for interim periods is not indicative of the tax rate expected for a full year.

The Registrant and each of the Och-Ziff Operating Group entities are partnerships for U.S. federal income tax purposes. Due to the Company's legal structure, only a portion of the income earned by the Company is subject to corporate-level tax rates in the United States and in foreign jurisdictions.

The provision for income taxes includes federal, state and local taxes in the United States and foreign taxes at an approximate effective tax rate of 24.1% and 16.1% for the three months ended September 30, 2016 and 2015, respectively. The provision for income taxes includes federal, state and local taxes in the United States and foreign taxes at an approximate effective tax rate of -14.1% and 28.9% for the nine months ended September 30, 2016 and 2015, respectively. The reconciling items from the Company's statutory rate to the effective tax rate were driven primarily by the following: (i) a portion of the Company's consolidated net income is not subject to federal, state and local corporate income taxes in the United States, as these amounts are allocated to the executive managing directors on their Och-Ziff Operating Group A Units or to fund investors in the Company's consolidated funds (each of which is included within noncontrolling interests); (ii) a portion of the income earned by the Company is subject to the New York City unincorporated business tax; (iii) certain foreign subsidiaries are subject to foreign corporate income taxes; and (iv) substantially all of the accrual related to the Foreign Corrupt Practices Act (the "FCPA") settlements described in Note 15 was treated as a non-deductible expense when determining income tax expense.

In accordance with GAAP, the Company recognizes tax benefits for amounts that are "more likely than not" to be sustained upon examination by tax authorities. For uncertain tax positions in which the benefit to be realized does not meet the "more likely than not" threshold, the Company establishes a liability, which is included within other liabilities in the consolidated balance sheets.

As of September 30, 2016 and December 31, 2015, the Company had a liability for unrecognized tax benefits of $7.0 million. As of and for the three and nine months ended September 30, 2016, the Company did not accrue interest or penalties related to uncertain tax positions. As of September 30, 2016, the Company does not believe that there will be a significant change to the uncertain tax positions during the next 12 months. The Company's total unrecognized tax benefits that, if recognized, would affect its effective tax rate was $4.3 million as of September 30, 2016.

13. EARNINGS (LOSS) PER CLASS A SHARE

Basic earnings (loss) per Class A Share is computed by dividing the net income (loss) allocated to Class A Shareholders by the weighted-average number of Class A Shares outstanding for the period. For the three months ended September 30, 2016, and 2015, the Company included 1,060,924 RSUs and 599,804 RSUs, respectively, that have vested but have not been settled in Class A Shares in the weighted-average Class A Shares outstanding used in the calculation of basic and diluted earnings (loss) per Class A Share. For the nine months ended September 30, 2016, and 2015 the Company included 1,162,390 RSUs and 1,094,730 RSUs, respectively, that have vested but have not been settled in Class A Shares in the weighted-average Class A Shares outstanding used to calculate basic and diluted (loss) earnings per Class A Share.

The following tables present the computation of basic and diluted earnings (loss) per Class A Share:

Three Months Ended September 30, 2016	Net Income Allocated to Class A Shareholders	Weighted-Average Class A Shares Outstanding	Earnings Per Class A Share	Number of Antidilutive Units Excluded from Diluted Calculation
	(dollars in thousands, except per share amounts)			
Basic	$ 14,285	182,521,225	$ 0.08	
Effect of dilutive securities:				
Och-Ziff Operating Group A Units	9,782	297,317,019		—
RSUs	—	—		14,470,201
Diluted	$ 24,067	479,838,244	$ 0.05	

Three Months Ended September 30, 2015	Net Income Allocated to Class A Shareholders	Weighted-Average Class A Shares Outstanding	Earnings Per Class A Share	Number of Antidilutive Units Excluded from Diluted Calculation
	(dollars in thousands, except per share amounts)			
Basic	$ 17,417	177,805,122	$ 0.10	
Effect of dilutive securities:				
Och-Ziff Operating Group A Units	13,872	301,874,006		—
RSUs	—	4,492,396		—
Diluted	$ 31,289	484,171,524	$ 0.06	

Nine Months Ended September 30, 2016	Net Loss Allocated to Class A Shareholders	Weighted-Average Class A Shares Outstanding	Loss Per Class A Share	Number of Antidilutive Units Excluded from Diluted Calculation
	(dollars in thousands, except per share amounts)			
Basic	$ (133,642)	182,508,296	$ (0.73)	
Effect of dilutive securities:				
Och-Ziff Operating Group A Units	(226,476)	297,317,120		—
RSUs	—	—		14,092,299
Diluted	$ (360,118)	479,825,416	$ (0.75)	

Nine Months Ended September 30, 2015	Net Income Allocated to Class A Shareholders	Weighted-Average Class A Shares Outstanding	Earnings Per Class A Share	Number of Antidilutive Units Excluded from Diluted Calculation
	(dollars in thousands, except per share amounts)			
Basic	$ 48,048	177,711,669	$ 0.27	
Effect of dilutive securities:				
Och-Ziff Operating Group A Units	—	—		301,876,001
RSUs	—	3,806,081		—
Diluted	$ 48,048	181,517,750	$ 0.26	

14. RELATED PARTY TRANSACTIONS

Due from Related Parties

Amounts due from related parties relate primarily to amounts due from the Och-Ziff funds for expenses paid on their behalf. These amounts are reimbursed to the Company on an ongoing basis.

Due to Related Parties

Amounts due to related parties relate primarily to future payments owed to the Company's executive managing directors and the Ziffs under the tax receivable agreement, as discussed further in Note 15.

Notes and Loans Payable of Consolidated CLOs

As of December 31, 2015, $100.4 million of the notes and loans payable of consolidated CLOs was held by certain funds managed by the Company.

Management Fees and Incentive Income Earned from the Och-Ziff Funds

The Company earns substantially all of its management fees and incentive income from the Och-Ziff funds, which are considered related parties as the Company manages the operations of and makes investment decisions for these funds.

Management Fees and Incentive Income Earned from Related Parties and Waived Fees

Prior to the 2007 Offerings, the Company did not charge management fees or earn incentive income on investments made by the Company's executive managing directors, employees and other related parties. Following the 2007 Offerings, the Company began charging management fees and earning incentive income on new investments made in the funds by executive managing directors and certain other related parties, including the reinvestment by executive managing directors of the after-tax proceeds from the 2007 Offerings. However, in January 2015, the Company began to waive management fees and incentive income on new investments by its executive managing directors and certain other related parties. The Company continues to waive fees for employee investments in the funds.

The following table presents management fees and incentive income charged on investments held by related parties and amounts waived by the Company for related parties before the impact of eliminations related to the consolidated funds:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Fees charged on investments held by related parties:				
Management fees	$ 4,472	$ 5,523	$ 13,731	$ 15,543
Incentive income	$ 825	$ 86	$ 2,825	$ 1,795
Fees waived on investments held by related parties:				
Management fees	$ 4,443	$ 4,439	$ 13,162	$ 12,829
Incentive income	$ 397	$ 318	$ 1,146	$ 902

Corporate Aircraft

The Company's corporate aircraft are used primarily for business purposes. From time to time, certain executive managing directors use the aircraft for personal use. For the three months ended September 30, 2016 and 2015, the Company charged $74 thousand and $322 thousand, respectively, for personal use of the aircraft by certain executive managing directors. For the nine months ended September 30, 2016, and 2015, the Company charged $669 thousand and $890 thousand, respectively, for personal use of the aircraft by certain executive managing directors.

15. COMMITMENTS AND CONTINGENCIES

Tax Receivable Agreement

The purchase of Och-Ziff Operating Group A Units from the executive managing directors and the Ziffs with the proceeds from the 2007 Offerings, and subsequent taxable exchanges by them of Och-Ziff Operating Group A Units for Class A Shares on a one-for-one basis (or, at the Company's option, a cash equivalent), resulted, and, in the case of future exchanges, are anticipated to result, in an increase in the tax basis of the tangible and intangible assets of the Och-Ziff Operating Group that would not otherwise have been available. As a result, the Company expects that its future tax liability will be reduced. Pursuant to the tax receivable agreement entered into among the Company, the executive managing directors and the Ziffs, the Company has agreed to pay to the executive managing directors and the Ziffs 85% of the amount of tax savings, if any, actually realized by the Company.

The Company recorded its initial estimate of future payments under the tax receivable agreement as a decrease to paid-in capital and an increase in amounts due to related parties in the consolidated financial statements. Subsequent adjustments to the liability for future payments under the tax receivable agreement related to changes in estimated future tax rates or state income tax apportionment are recognized through current period earnings within general, administrative and other expenses in the consolidated statements of comprehensive income (loss).

In connection with the departure of certain former executive managing directors since the 2007 Offerings, the right to receive payments under the tax receivable agreement by those former executive managing directors was contributed to the Och-Ziff Operating Group. As a result, the Company expects to pay to the remaining executive managing directors and the Ziffs approximately 78% (from 85% at the time of the 2007 Offerings) of the amount of cash savings, if any, in federal, state and local income taxes in the United States that the Company actually realizes as a result of the increases in tax basis.

The estimate of the timing and the amount of future payments under the tax receivable agreement involves several assumptions that do not account for the significant uncertainties associated with these potential payments, including an assumption that Och-Ziff Corp will have sufficient taxable income in the relevant tax years to utilize the tax benefits that would give rise to an obligation to make payments. The actual timing and amount of any actual payments under the tax receivable agreement will vary based upon these and a number of other factors. As of September 30, 2016, the estimated future payment under the tax receivable agreement was $488.8 million, which is recorded in due to related parties on the consolidated balance sheets.

In September 2016, the Company amended the tax receivable agreement to provide that no amounts will be due or payable under the agreement with respect to the 2015 and 2016 taxable years. As a result, the Company released approximately $91.0 million of previously accrued tax receivable agreement liability, which reduced its deferred income tax assets by $36.9 million. The net impact of $54.1 million was treated as an increase to shareholders' equity.

The table below presents the maximum amounts that would be payable under the tax receivable agreement assuming that the Company will have sufficient taxable income each year to fully realize the expected tax savings. In light of the numerous factors affecting the Company's obligation to make such payments, the timing and amounts of any such actual payments may differ materially from those presented in the table.

	Potential Payments Under Tax Receivable Agreement
	(dollars in thousands)
October 1, 2016 through December 31, 2016	$ —
2017	—
2018	43,503
2019	45,368
2020	47,958
2021	50,136
Thereafter	301,813
Total Payments	**$ 488,778**

Lease Obligations

The Company has non-cancelable operating leases for its headquarters in New York expiring in 2029 and various other operating leases for its offices in London, Hong Kong, Mumbai, Beijing, Dubai, Shanghai and Houston expiring on various dates through 2024. The Company also has operating leases for other locations, as well as operating leases on computer hardware. Certain operating leases allow for rent holiday periods. The Company recognizes expense related to its operating leases on a straight-line basis over the lease term taking into account these rent holiday periods. The related lease commitments have not changed materially since December 31, 2015.

Litigation

From time to time, the Company is involved in litigation and claims incidental to the conduct of the Company's business. The Company is also subject to extensive scrutiny by regulatory agencies globally that have, or may in the future have, regulatory authority over the Company and its business activities. This has resulted, or may in the future result, in regulatory agency investigations, litigation and subpoenas and costs related to each.

On September 29, 2016, the Company reached settlements with the DOJ and the SEC, resolving their investigations into the Company's former private investment business in Africa and a 2007 investment by the Libyan Investment Authority in certain of the Company's funds. As part of the settlements, the Company entered into a Deferred Prosecution Agreement with the DOJ, and a Company subsidiary, OZ Africa Management GP, LLC ("OZ Africa"), agreed to plead guilty to one count of conspiracy to violate the FCPA. The Company also agreed to settle an administrative proceeding with the SEC involving violations of the FCPA and the Investment Advisers Act. Pursuant to the settlement agreements with the DOJ and the SEC, the Company agreed to pay $412.1 million in penalties and disgorgement and to implement enhanced internal accounting controls and policies, to separate the chief compliance officer from other officer positions, and to engage an independent compliance monitor for three years, subject to early termination or extension.

On May 5, 2014, a purported class of shareholders filed a lawsuit against the Company in the U.S. District Court for the Southern District of New York (*Menaldi v. Och-Ziff Capital Mgmt., et al.*). The amended complaint asserts claims on behalf of all purchasers of Company securities from February 9, 2012 to August 22, 2014, and asserts claims under the Securities Exchange Act of 1934. Daniel Och, Joel Frank and Michael Cohen are also named defendants. The amended complaint alleges, among other things, breaches of certain disclosure obligations with respect to matters that were under investigation by the SEC and the DOJ. On March 16, 2015, the Company and Messrs. Och and Frank moved to dismiss the amended complaint. On February 17, 2016, the court entered an order granting the motion to dismiss in part and denying it in part, and dismissed Mr. Cohen from the action. On March 2, 2016, the Company and Messrs. Och and Frank filed a motion for reconsideration requesting that the court reconsider its ruling insofar as it denied the motion to dismiss and further requesting that the court dismiss the amended complaint in its entirety. The motion for reconsideration was denied on May 6, 2016. On March 23, 2016, the Company and Messrs. Och and Frank filed their answer to the amended complaint. Plaintiffs have until November 17, 2016, to file a second amended complaint.

On May 30, 2014, a shareholder derivative action was filed against the Company in the Supreme Court of the State of New York, County of New York (*Stokes v. Och, et al.*). The amended complaint asserts claims derivatively on behalf of the Company against all of the Company's directors and alleges that the directors breached their fiduciary duties and other disclosure obligations with respect to the matters described above. On July 27, 2015, the Supreme Court of the State of New York ruled from the bench that it was granting defendants' motion to dismiss the amended complaint for failure to plead demand futility. On August 10, 2015, the court in the Stokes matter entered a written order dismissing the action. The plaintiff's time to appeal the court's decision on the motion to dismiss has lapsed.

On September 2, 2015, a shareholder derivative action was filed in the Supreme Court of the State of New York, County of New York (*Kumari v. Och, et al.*). The complaint asserts derivative claims on behalf of the Company against all of the Company's directors and alleges breaches of fiduciary duty and other misconduct with respect to matters that were under investigation by the SEC and the DOJ. On October 23, 2015, the Company's directors moved to dismiss the complaint. On September 23, 2016, the court entered an order granting the motion to dismiss and dismissing the case in its entirety. The plaintiff's time to appeal the court's decision on the motion to dismiss has lapsed.

The Company believes these cases are without merit and intends to defend them vigorously. The Company is unable to reasonably estimate the amount of loss or range of loss possible for these cases.

Investment Commitments

From time to time, certain funds consolidated by the Company may have commitments to fund investments. These commitments are funded through contributions from investors in those funds, including the Company if it is an investor in the relevant fund.

The Company has unfunded capital commitments of $19.5 million to certain funds it manages. It expects to fund these commitments over the next five years. In addition, certain of the Company's executive managing directors, collectively, have capital commitments to funds managed by the Company of up to $39.9 million. The Company has guaranteed these commitments in the event any executive managing director fails to fund any portion when called by the fund. The Company has historically not funded any of these commitments and does not expect to in the future, as these commitments are expected to be funded by the Company's executive managing directors individually.

The Company has committed to fund a portion of the operating budget for a joint venture. The amount of the commitment will be equal to the actual costs incurred in the projects the joint venture manages, as determined by the Company and its joint venture partner. The joint venture periodically returns substantially all of the cash that is contributed by the Company, as expenses incurred by the joint venture are generally reimbursed by the projects it manages.

Other Contingencies

In the normal course of business, the Company enters into contracts that provide a variety of general indemnifications. Such contracts include those with certain service providers, brokers and trading counterparties. Any exposure to the Company under these arrangements could involve future claims that may be made against the Company. Currently, no such claims exist or are expected to arise and, accordingly, the Company has not accrued any liability in connection with such indemnifications.

16. SEGMENT INFORMATION

The Company's operating segments are the Och-Ziff Funds segment and the Company's real estate business. The Och-Ziff Funds, which provides asset management services to the Company's multi-strategy funds, dedicated credit funds and other alternative investment vehicles, is currently the Company's only reportable operating segment under GAAP. The Company's real estate business, which provides asset management services to its real estate funds, is included in the Other Operations, as it does not meet the threshold of a reportable operating segment under GAAP.

In addition to analyzing the Company's results on a GAAP basis, management also reviews its results on an "Economic Income" basis. Economic Income excludes the adjustments described below that are required for presentation of the Company's results on a GAAP basis, but that management does not consider when evaluating operating performance in any given period. Management uses Economic Income as the basis on which it evaluates the Company's financial performance and makes resource allocation and other operating decisions. Management considers it important that investors review the same operating information that it uses.

Economic Income is a measure of pre-tax operating performance that excludes the following from the Company's results on a GAAP basis:

- Income allocations to the Company's executive managing directors on their direct interests in the Och-Ziff Operating Group. Management reviews operating performance at the Och-Ziff Operating Group level, where the Company's operations are performed, prior to making any income allocations.
- Reorganization expenses related to the 2007 Offerings, equity-based compensation expenses, depreciation and amortization expenses, and loss on asset held for sale, as management does not consider these non-cash expenses to be reflective of operating performance. However, the fair value of RSUs that are settled in cash to employees or executive managing directors is included as an expense at the time of settlement.
- Changes in the tax receivable agreement liability and net gains on investments in Och-Ziff funds, as management does not consider these to be reflective of operating performance.
- Amounts related to the consolidated Och-Ziff funds, including the related eliminations of management fees and incentive income, as management reviews the total amount of management fees and incentive income earned in relation to total assets under management and fund performance. The Company also defers the recognition of incentive income allocations from the consolidated Och-Ziff funds until all clawback contingencies are resolved, consistent with the revenue recognition policy for the funds the Company does not consolidate.

In addition, expenses related to compensation and profit-sharing arrangements based on fund investment performance are recognized at the end of the relevant commitment period, as management reviews the total compensation expense related to these arrangements in relation to any incentive income earned by the relevant fund.

Finally, management reviews Economic Income revenues by presenting management fees net of recurring placement and related service fees, rather than considering these fees an expense, and by excluding the impact of eliminations related to the consolidated Och-Ziff funds.

Management does not regularly review assets by operating segment in assessing operating segment performance and the allocation of company resources; therefore, the Company does not present total assets by operating segment. All interest expense related to outstanding indebtedness is allocated to the Och-Ziff Funds segment.

Och-Ziff Funds Segment Results

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Och-Ziff Funds Segment:				
Economic Income Revenues	$ 131,101	$ 194,825	$ 433,542	$ 610,092
Economic Income	$ 52,725	$ 106,780	$ (229,800)	$ 369,954

Reconciliation of Och-Ziff Funds Segment Revenues to Consolidated Revenues

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Total consolidated revenues	$ 148,105	$ 325,903	$ 489,105	$ 980,153
Adjustment to management fees(1)	(8,808)	(75)	(31,362)	(2,652)
Adjustment to incentive income(2)	—	3,338	—	14,511
Other Operations revenues	(7,738)	(7,410)	(22,939)	(20,784)
Income of consolidated Och-Ziff funds	(458)	(126,931)	(1,262)	(361,136)
Economic Income Revenues - Och-Ziff Funds Segment	**$ 131,101**	**$ 194,825**	**$ 433,542**	**$ 610,092**

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(1) Adjustment to present management fees net of recurring placement and related service fees, as management considers these fees a reduction in management fees, not an expense. The impact of eliminations related to the consolidated Och-Ziff funds is also removed.

(2) Adjustment to exclude the impact of eliminations related to the consolidated Och-Ziff funds.

Reconciliation of Och-Ziff Funds Economic Income to Net Income (Loss) Allocated to Class A Shareholders

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
		(dollars in thousands)		
Net income (loss) allocated to Class A Shareholders—GAAP	$ 14,285	$ 17,417	$ (133,642)	$ 48,048
Net income (loss) allocated to the Och-Ziff Operating Group A Units	16,313	43,505	(187,338)	175,239
Equity-based compensation, net of RSUs settled in cash	18,298	27,547	56,311	86,590
Income taxes	9,986	12,422	39,436	119,607
Adjustment for incentive income allocations from consolidated funds subject to clawback	—	(3,384)	—	(40,662)
Allocations to Och-Ziff Operating Group D Units	950	3,247	2,850	14,696
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	2,741	3,813	5,430	7,407
Reorganization expenses	—	4,018	—	12,052
Changes in tax receivable agreement liability	(11,819)	533	(11,990)	(47,893)
Depreciation, amortization and loss on asset held for sale	7,965	2,986	14,947	8,135
Other adjustments	(1,299)	(556)	(2,672)	(446)
Other Operations	(4,695)	(4,768)	(13,132)	(12,819)
Economic Income - Och-Ziff Funds Segment	**$ 52,725**	**$ 106,780**	**$ (229,800)**	**$ 369,954**

17. SUBSEQUENT EVENTS

Preferred Units Offering

On October 5, 2016, the Company completed a $250.0 million issuance and sale of 250,000 Class A Cumulative Preferred Units (the “Preferred Units”) in each of OZ Management LP, OZ Advisors LP and OZ Advisors II LP (each, a subsidiary of the Company and an “Operating Group Entity”), pursuant to a securities purchase agreement, dated September 29, 2016 (the “Purchase Agreement”), to certain of the Company’s executive managing directors, including Daniel S. Och (“the EMD Purchasers”). Pursuant to the Purchase Agreement, the EMD Purchasers agreed to purchase up to a total of 400,000 Preferred Units for an aggregate amount of up to $400.0 million. Up to an additional $150.0 million of Preferred Units are expected to be sold to the EMD Purchasers in January 2017, subject to the satisfaction of certain conditions, including the absence of a material adverse change, the absence of a default or an event of default with respect to the Company’s material agreements and instruments, the receipt by the EMD Purchasers of redemption proceeds from one or more Och-Ziff funds sufficient to purchase the Preferred Units in the subsequent closing, and certain other conditions.

The Preferred Units are a new class of non-voting preferred equity interests in the Operating Group Entities and have an aggregate liquidation preference of $1,000, plus accrued and unpaid distributions. Subject to certain exceptions, unless distributions on the Preferred Units are declared and paid in cash for the then current distribution period and all preceding periods after the initial closing, the Operating Group Entities may not declare or pay distributions on or repurchase any of their equity securities that rank equal with or junior to the Preferred Units. The Company used the proceeds from the Preferred Units issued in October 2016, as well as cash on hand, to pay the $412.1 million in penalties and disgorgement in October 2016 related to the settlements with the SEC and the DOJ discussed in Note 15. The Company expects to use the proceeds from the second closing of the Preferred Units in January 2017 for working capital and general corporate purposes.

Pursuant to the terms of the Preferred Units, distributions on the Preferred Units are payable on the liquidation preference amount on a cumulative basis at an initial distribution rate of 0% per annum until February 19, 2020 (the “Step Up Date”), after which the distribution rate will increase in stages thereafter to a maximum of 10% per annum on and after the eighth anniversary of the Step Up Date. In addition, following the occurrence of a change of control event, the Operating Group Entities will redeem the Preferred Units at a redemption price equal to the liquidation preference plus all accumulated but unpaid distributions (collectively, the "liquidation value"). For so long as the Operating Group Entities do not redeem all of the outstanding Preferred Units, the distribution rate will increase by 7% per annum, beginning on the 31st day following such change in control. Pursuant to the terms of the Preferred Units, the Operating Group Entities will not be required to effect such redemption until the earlier of (i) 91 days after the maturity date of the Revolving Credit Facility and (ii) the payment in full of all loans and other obligations and the termination of all commitments thereunder.

The Operating Group Entities may, at their option, redeem the Preferred Units at a price equal to: (i) 105% of the liquidation value until the day immediately prior to the Step Up Date; (ii) 103% of the liquidation value thereafter until the day immediately prior to the first anniversary of the Step Up Date; (iii) 101% of the liquidation value thereafter until the day immediately prior to the second anniversary of the Step Up Date; and (iv) thereafter at a price equal to the liquidation value. In addition, from and after March 31, 2020, if the amounts that were distributed to partners of the Operating Group Entities in respect of their equity interests in the Operating Group Entities (other than amounts distributed in respect of tax distributions or certain other distributions) or utilized for repurchase of units by such entities (or which were available but not used for such purposes) for the immediately preceding fiscal year were in excess of $100 million in the aggregate, then an amount equal to 20% of such excess shall be utilized to redeem Preferred Units on a pro rata basis for an amount equal to the liquidation value.

Furthermore, if the average closing price of the Company's Class A Shares exceeds $15.00 per share for the previous 20 trading days from and after the initial closing date, the Operating Group Entities have agreed to use their reasonable best efforts to redeem all of the outstanding Preferred Units as promptly as practicable. If such event occurs prior to February 19, 2020, the Company has agreed to use its reasonable best efforts to obtain consents from its lenders in order to redeem the Preferred Units as promptly as practicable.

Although the Preferred Units do not have voting rights, the consent of the holders' committee, which initially consists of Daniel S. Och as sole member, is required to effect (i) any amendment to or waiver of the terms of the Preferred Units or (ii) any amendment to the limited partnership agreement of an Operating Group Entity that would have an adverse effect on any holder of the Preferred Units. Under the terms of the Preferred Units, each Operating Group Entity is prohibited from issuing any equity securities of such Operating Group Entity (or any debt or other securities convertible into equity securities of such Operating Group Entity) the terms of which expressly provide that such securities shall rank equally with, or senior to, the Preferred Units, without the prior written consent of the holders' committee.

Pursuant to the Purchase Agreement, the Company agreed to reimburse Daniel S. Och and his related entities for their reasonable out-of-pocket legal fees and expenses incurred in connection with the negotiation and execution of the transactions contemplated thereby. These fees totaled $537 thousand, are included within other assets in the Company's consolidated balance sheets, and were netted against the proceeds of the sale of Preferred Units in October 2016.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in "Part II—Item 1A. Risk Factors" of this report. Actual results may differ materially from those contained in any forward-looking statements. This MD&A should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this quarterly report. An investment in our Class A Shares is not an investment in any of our funds.

Overview

FCPA Settlements

On September 29, 2016, we reached settlements with the DOJ and the SEC, resolving their investigations into our former private investment business in Africa and a 2007 investment by the Libyan Investment Authority in certain of our funds.

As part of the settlements, we entered into a Deferred Prosecution Agreement with the DOJ, and our subsidiary OZ Africa agreed to plead guilty to one count of conspiracy to violate the FCPA. We also agreed to settle an administrative proceeding with the SEC involving violations of the FCPA and the Investment Advisers Act. We paid a total of $412.1 million in penalties and disgorgement. This amount was paid in October 2016 using cash on hand and proceeds from the sale of Preferred Units discussed below.

Preferred Units Offering

As discussed in Note 17 to our consolidated financial statements, on September 29, 2016, we entered into the Purchase Agreement with the EMD Purchasers. Pursuant to the Purchase Agreement, the EMD Purchasers agreed to purchase up to $400.0 million of Preferred Units. On October 5, 2016, we sold $250.0 million of the Preferred Units to the EMD Purchasers. Up to an additional $150.0 million of Preferred Units are expected to be sold to the EMD Purchasers in January 2017, subject to the satisfaction of certain conditions. We used the proceeds from the Preferred Units issued in October 2016, as well as cash on hand, to pay the $412.1 million in penalties and disgorgement related to the settlements with the SEC and the DOJ discussed above. We expect to use the proceeds from the second sale of the Preferred Units in January 2017 for working capital and general corporate purposes. See Note 17 for details regarding the terms of the Preferred Units.

Deconsolidation on Adoption of ASU 2015-02

As a result of the adoption of ASU 2015-02, we deconsolidated the majority of our previously consolidated funds. This resulted in a substantial decrease in assets of consolidated Och-Ziff funds, liabilities of consolidated Och-Ziff funds, redeemable noncontrolling interests, appropriated retained deficit and shareholders' equity attributable to non-controlling interests in our consolidated balance sheet. Additionally, the deconsolidation has caused a significant decrease in the amount of income of consolidated Och-Ziff funds, expenses of consolidated Och-Ziff funds, and net gains of consolidated Och-Ziff funds in our consolidated statement of comprehensive income (loss). Management fees and incentive income from the previously consolidated funds are also no longer eliminated in consolidation.

We adopted ASU 2015-02 using the modified retrospective method of transition, which resulted in an effective date of adoption of January 1, 2016, and a cumulative effect adjustment to opening equity to reflect the impacts of adoption. We did not restate prior-period results. The impact to our opening retained earnings was driven by the cumulative effect of a change in incentive income recognition for the funds no longer consolidated as further discussed below.

The net impact on our results is that incentive income from these funds will now be recognized when such amounts are no longer subject to clawback. Prior to deconsolidation, incentive income from these previously consolidated funds was recognized by allocating a portion of the net income of these funds to us rather than to the fund investors (noncontrolling interests) based on the contractual terms of the relevant fund agreements. This resulted in incentive income being recognized that was subject to clawback in the event of future losses in the respective funds.

The adoption of ASU 2015-02 and the resulting deconsolidation of the majority of the previously consolidated funds had no impact on our Economic Income or other non-GAAP measures discussed throughout this MD&A.

Overview of Our Financial Results

For the third quarter of 2016, we reported GAAP net income allocated to Class A Shareholders of $14.3 million, compared to net income of $17.4 million for the third quarter of 2015, and net loss of $133.6 million for the first nine months of 2016, compared to net income of $48.0 million for the first nine months of 2015. The decrease for the quarter to date period was driven by lower management fees and incentive income, partially offset by a decrease in operating expenses and income taxes. The decrease for the year to date period was primarily driven by the FCPA settlements liability of $412.1 million accrued in the first nine months of 2016. In addition, lower management fees and incentive income and higher non-compensation expenses, partially offset by lower income taxes and lower compensation and benefits, also contributed to the year-over-year decrease.

For the third quarter of 2016, we reported Economic Income for the Company of $57.4 million, compared to $111.5 million for the third quarter of 2015, and a net loss on an Economic Income basis of $216.7 million for the first nine months of 2016, compared to net income of $382.8 million for the first nine months of 2015. The decrease for the quarter to date period was driven by lower management fees and incentive income, partially offset by lower non-compensation expenses. The decrease for the year to date period was primarily driven by the FCPA settlements liability of $412.1 million accrued in the first nine months of 2016. In addition, lower management fees and incentive income, as well as higher operating expenses also contributed to the year-over-year decrease. Economic Income for the Company is a non-GAAP measure. For additional information regarding non-GAAP measures, as well as for a discussion of the drivers of the year-over-year change in Economic Income, please see "—Economic Income Analysis."

Overview of Assets Under Management and Fund Performance

Assets under management totaled $39.3 billion as of September 30, 2016. Longer-dated assets under management, which are those subject to initial commitment periods of three years or longer, were $16.4 billion, or 42%, of our total assets under management as of September 30, 2016. Assets under management in our dedicated credit, real estate and other strategy-specific funds were $15.9 billion, comprising 41% of assets under management as of September 30, 2016.

Assets under management in our multi-strategy products totaled $23.4 billion as of September 30, 2016. OZ Master Fund, our largest multi-strategy fund, generated a gross return of 2.7% and a net return of 1.1% year-to-date through September 30, 2016. On a gross basis, performance-related depreciation in long/short equity special situations was more than offset by strong positive performance in merger arbitrage, convertible and derivative arbitrage and credit-related strategies. Assets under management for the fund were $19.8 billion as of September 30, 2016. Please see "—Assets Under Management and Fund Performance—Multi-Strategy Funds" for additional information regarding the returns of the OZ Master Fund.

Assets under management in our dedicated credit products totaled $12.5 billion as of September 30, 2016. Assets under management in our opportunistic credit funds were $5.3 billion as of September 30, 2016. OZ Credit Opportunities Master Fund, our global opportunistic credit fund, generated a gross return of 13.1% and a net return of 11.4% year-to-date through September 30, 2016. On a gross basis, performance was driven by the fund's U.S. portfolio. Assets under management for the fund were $1.7 billion as of September 30, 2016. Assets under management in Institutional Credit Strategies, our asset management platform that invests in performing credits, were $7.3 billion as of September 30, 2016.

Assets under management in our real estate funds totaled $2.1 billion as of September 30, 2016. Since inception, Och-Ziff Real Estate Fund II, which finished its investment period in 2014, has generated a net internal rate of return ("IRR") of 21.8% through September 30, 2016 and a gross multiple of invested capital ("MOIC") of 1.8x.

Market Environment

Our ability to successfully generate consistent, positive, absolute returns is dependent on our ability to execute each fund's investment strategy or strategies. Each strategy may be materially affected by conditions in the global markets.

Financial markets rallied sharply at the beginning of the third quarter of 2016 after the period of uncertainty leading up to and following the outcome of the U.K. referendum on E.U. membership at the end of the second quarter. In general, global financial markets rose during the third quarter of 2016, with the MSCI World Index generating positive performance. Regional equity market performance was also positive during the third quarter of 2016, with major indices in the U.S., Europe and Asia all posting gains.

In the U.S., equity markets rallied sharply to begin the third quarter, with the S&P 500 closing at a new record high in July and the yield on the 10-year U.S. Treasury reaching an all-time low early in the month. July saw U.S. macroeconomic data and second quarter corporate earnings were generally better than expected. August was far calmer than July, which was reflected in the low realized volatility during the month. U.S. equity markets remained heavily influenced by interest rates in August. While the S&P 500 barely moved during August, the sell-off in the 10-year U.S. Treasury drove notable sector dispersion, as yield-sensitive sectors, such as Utilities and Telecommunications, underperformed and Financials outperformed. September proved to be another volatile month for U.S. equity markets, in terms of both macroeconomic news and price action, but by month-end the S&P 500 and the yield on the 10-year U.S. Treasury were effectively unchanged.

In Europe, financial markets rallied sharply in July, largely brushing off the period of macroeconomic volatility following the outcome of the U.K. referendum. August and September proved to be much more volatile months in Europe, with major indices in the region experiencing sharp swings. The post-U.K. referendum investing environment in Europe is expected to be fraught with political risks and uncertainty over the next 12 months, particularly with the anticipated referendum in Italy and the general elections in Germany and France.

Similar to the U.S. and Europe, equity markets in Asia rose sharply in July as concerns surrounding the U.K. referendum were ultimately shrugged off amidst improving global economic data and the generally dovish policy outlook. In August, the economic environment in China was comparably stable, as we observed steady consumer data and a rebound in industrial activity in the region. Consequently, equity markets in China continued to rally sharply in August. Markets in Japan also remained strong in August, attributable in part to the ETF buying program implemented by the Bank of Japan in late July. In September, the Bank of Japan announced that it would target rates while keeping its negative interest rate policy (NIRP) unchanged - a notable shift in policy and a significant macroeconomic development in the region.

Assets Under Management and Fund Performance

Our financial results are primarily driven by the combination of our assets under management and the investment performance of our funds. Both of these factors directly affect the revenues we earn from management fees and incentive income. Growth in assets under management due to capital placed with us by investors in our funds and positive investment performance of our funds drive growth in our revenues and earnings. Conversely, poor investment performance slows our growth by decreasing our assets under management and increasing the potential for redemptions from our funds, which would have a negative effect on our revenues and earnings.

We typically accept capital from new and existing investors in our funds on a monthly basis on the first day of each month. Investors in our funds (other than investors in our real estate funds, certain opportunistic credit funds, our Institutional Credit Strategies products and certain other alternative investment vehicles we manage and other than with respect to capital invested in Special Investments) typically have the right to redeem their interests in a fund following an initial lock-up period of one to three years. Following the expiration of these lock-up periods, subject to certain limitations, investors may redeem capital generally on a quarterly or annual basis upon giving 30 to 90 days' prior written notice. However, upon the payment of a redemption fee to the applicable fund and upon giving 30 days' prior written notice, certain investors may redeem capital during the lock-up period. The lock-up requirements for our funds may generally be waived or modified at the sole discretion of each fund's general partner or board of directors, as applicable.

With respect to investors with quarterly redemption rights, requests for redemptions submitted during a quarter generally are paid on the first day of the following quarter. Accordingly, quarterly redemptions generally will have no impact on management fees during the quarter in which they are submitted. Instead, these redemptions will decrease assets under management as of the first day of the following quarter, which reduces management fees for that quarter. With respect to investors with annual redemption rights, redemptions paid prior to the end of a quarter impact assets under management in the quarter in which they are paid, and therefore impact management fees for that quarter.

In a declining market, during periods when the hedge fund industry generally experiences outflows, or in response to specific events that occur at the Company, we could experience increased redemptions and a consequent reduction in our assets under management. Recently, our assets under management have declined and we believe this trend will likely continue to some extent for some period of time in light of the recently settled FCPA matter, as well as the current redemption trend in the hedge fund industry.

Information with respect to our assets under management throughout this report, including the tables set forth below, includes investments by us, our executive managing directors, employees and certain other related parties. Prior to our IPO, we did not charge management fees or earn incentive income on these investments. Following our IPO, we began charging management fees and earning incentive income on new investments made in our funds by our executive managing directors and certain other related parties, including the reinvestment by our executive managing directors of their after-tax proceeds from the 2007 Offerings. However, in January 2015, we began to waive management fees and incentive income on new investments by our executive managing directors and certain other related parties. As of September 30, 2016, approximately 7% of our assets under management represented investments by us, our executive managing directors, employees and certain other related parties in our funds. As of that date, approximately 51% of these affiliated assets under management are not charged management fees and are not subject to an incentive income calculation. Additionally, to the extent that an Och-Ziff fund is an investor in another Och-Ziff fund, we waive or rebate a corresponding portion of the management fees charged to the fund.

As further discussed below in "—Understanding Our Results—Revenues," we generally calculate management fees based on assets under management as of the beginning of each quarter. The assets under management in the tables below are presented net of management fees and incentive income as of the end of the period. Accordingly, the assets under management presented in the tables below are not the amounts used to calculate management fees for the respective periods.

Summary of Changes in Assets Under Management

The tables below present the changes to our assets under management for the respective periods based on the type of funds or investment vehicles we manage.

	Three Months Ended September 30, 2016				
	June 30, 2016	**Inflows / (Outflows)**	**Distributions / Other Reductions**	**Appreciation / (Depreciation)**	**September 30, 2016**
			(dollars in thousands)		
Multi-strategy funds	$ 26,094,394	$ (3,452,066)	$ —	$ 735,076	$ 23,377,404
Credit					
Opportunistic credit funds	5,192,756	(11,375)	(206,973)	301,937	5,276,345
Institutional Credit Strategies	7,245,508	15,432	—	4,871	7,265,811
Real estate funds	2,213,821	8,494	(76,620)	(838)	2,144,857
Other	1,233,959	20,895	(50,284)	34,794	1,239,364
Total	**$ 41,980,438**	**$ (3,418,620)**	**$ (333,877)**	**$ 1,075,840**	**$ 39,303,781**

	Three Months Ended September 30, 2015				
	June 30, 2015	**Inflows / (Outflows)**	**Distributions / Other Reductions**	**Appreciation / (Depreciation)**	**September 30, 2015**
			(dollars in thousands)		
Multi-strategy funds	$ 32,990,458	$ (1,583,355)	$ —	$ (1,926,127)	$ 29,480,976
Credit					
Opportunistic credit funds	5,084,611	7,860	(99,100)	(136,027)	4,857,344
Institutional Credit Strategies	6,567,980	489,567	—	2,571	7,060,118
Real estate funds	2,003,552	13,246	(72,363)	(3,678)	1,940,757
Other	1,323,313	(3,475)	—	(81,092)	1,238,746
Total	**$ 47,969,914**	**$ (1,076,157)**	**$ (171,463)**	**$ (2,144,353)**	**$ 44,577,941**

	Nine Months Ended September 30, 2016				
	December 31, 2015	**Inflows / (Outflows)**	**Distributions / Other Reductions**	**Appreciation / (Depreciation)**	**September 30, 2016**
			(dollars in thousands)		
Multi-strategy funds	$ 29,510,248	$ (6,213,273)	$ —	$ 80,429	$ 23,377,404
Credit					
Opportunistic credit funds	5,383,629	(54,727)	(495,373)	442,816	5,276,345
Institutional Credit Strategies	7,241,680	29,608	—	(5,477)	7,265,811
Real estate funds	2,048,559	239,489	(137,985)	(5,206)	2,144,857
Other	1,310,745	(553)	(50,284)	(20,544)	1,239,364
Total	**$ 45,494,861**	**$ (5,999,456)**	**$ (683,642)**	**$ 492,018**	**$ 39,303,781**

	Nine Months Ended September 30, 2015				
	December 31, 2014	Inflows / (Outflows)	Distributions / Other Reductions	Appreciation / (Depreciation)	September 30, 2015
	(dollars in thousands)				
Multi-strategy funds	$ 34,100,390	$ (4,184,040)	$ —	$ (435,374)	$ 29,480,976
Credit					
Opportunistic credit funds	5,098,600	424,314	(636,290)	(29,280)	4,857,344
Institutional Credit Strategies	5,166,734	1,884,714	—	8,670	7,060,118
Real estate funds	2,022,399	77,247	(155,304)	(3,585)	1,940,757
Other	1,146,292	87,657	(1)	4,798	1,238,746
Total	**$ 47,534,415**	**$ (1,710,108)**	**$ (791,595)**	**$ (454,771)**	**$ 44,577,941**

In the nine months ended September 30, 2016, our funds experienced performance-related appreciation of $492.0 million and net outflows of $6.0 billion, which was comprised of $732.6 million of gross inflows and $6.7 billion of gross outflows due to redemptions. We also had $683.6 million in distributions and other reductions, which were primarily related to investors in our closed-end opportunistic credit and real estate funds. Excluding CLOs, pensions and fund-of-funds were the largest sources of our gross inflows, while fund-of-funds, pensions and private banks were our largest sources of gross outflows during the first nine months of 2016. While we expect fourth quarter redemptions to remain somewhat elevated due to the FCPA settlements, there are several other factors that we believe will likely influence redemptions beyond just the settlements. The hedge fund industry overall is in the midst of a redemption cycle and there is also seasonality that can cause year-end redemptions to be higher as fund investors rebalance their investment portfolio allocations.

In the nine months ended September 30, 2015, our funds experienced performance-related depreciation of $454.8 million and net outflows of $1.7 billion, which was comprised of $4.0 billion of gross inflows and $5.7 billion of gross outflows due to redemptions. Distributions and other reductions were $791.6 million, which was driven by $639.2 million in distributions to investors in our closed-end opportunistic credit and real estate funds, and a $152.4 million reduction in the OZ European Credit Opportunities Fund as a result of the expiration of the fund's investment period. Our gross inflows included $2.0 billion within Institutional Credit Strategies primarily related to three CLOs that closed during the first nine months of 2015. Excluding CLOs, private banks were the largest source of our gross inflows during the first nine months of 2015, while pension funds were the largest source of our gross outflows.

Weighted-Average Assets Under Management and Average Management Fee Rate

The table below presents our weighted-average assets under management and the average management fee rate. Weighted-average assets under management exclude the impact of third quarter investment performance for the periods presented, as these amounts do not impact management fees calculated for the periods presented. The average management fee rate takes into account the effect of non-fee paying assets under management, as well as our opportunistic credit funds, Institutional Credit Strategies products, real estate funds and the other alternative investment vehicles we manage, which generally pay lower management fees than our multi-strategy products, consistent with the market convention for these asset classes. Please see the respective sections below for average management fee rates by fund type.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Weighted-average assets under management	$ 38,794,212	$ 46,650,675	$ 41,640,771	$ 46,780,723
Average management fee rate	1.23%	1.38%	1.27%	1.41%

The decline in our average management fee rate for the periods presented occurred primarily because of a change in the mix of products that comprise our assets under management. Specifically, the rate decline was driven primarily by lower assets under management in our multi-strategy funds as a percentage of our total assets under management. Our average management fee will vary from period to period based on the mix of products that comprise our assets under management.

Effective October 1, 2016, we reduced the management fee rate for existing fund investors in virtually all of our multi-strategy assets under management. We began the fourth quarter with an average management fee rate of approximately 1.01% of our total assets under management, which is also reflective of the change in mix of products that comprise our assets under management due to redemptions from our multi-strategy funds during the third quarter of 2016. As a result, we expect management fees to decline in the near-term. We made this change to our management fee rates to further strengthen the relationships we have with our clients, with whom we have built a strong partnership over many years. We also want to ensure that we remain competitive on management fees, which have been gradually trending down for the hedge fund industry. We did not adjust our incentive income rate, which remains unchanged at 20%.

Fund Performance Information

The tables below present performance information for the funds we manage. All of our funds are managed by the Och-Ziff Funds segment with the exception of our real estate funds, which are managed by the real estate management business included in Other Operations.

The performance information presented in this report is not indicative of the performance of our Class A Shares and is not necessarily indicative of the future results of any particular fund, including the accrued unrecognized amounts of incentive income. An investment in our Class A Shares is not an investment in any of our funds. There can be no assurance that any of our existing or future funds will achieve similar results. The timing and amount of incentive income generated from our funds are inherently uncertain. Incentive income is a function of investment performance and realizations of investments, which vary period-to-period based on market conditions and other factors. We cannot predict when, or if, any realization of investments will occur. Incentive income recognized for any particular period is not a reliable indicator of incentive income that may be earned in subsequent periods.

The return information presented in this report represents, where applicable, the composite performance of all feeder funds that comprise each of the master funds presented. Gross return information is generally calculated using the total return of all feeder funds, net of all fees and expenses except management fees and incentive income of such feeder funds and master funds and the returns of each feeder fund include the reinvestment of all dividends and other income. Net return information is generally calculated as the gross returns less management fees and incentive income (except incentive income on unrealized gains attributable to Special Investments in certain funds that could reduce returns on these investments at the time of realization). Return information also includes realized and unrealized gains and losses attributable to Special Investments and initial public offering investments that are not allocated to all investors in the feeder funds. Investors that were not allocated Special Investments and initial public offering investments may experience materially different returns.

Multi-Strategy Funds

The table below presents assets under management and investment performance for our multi-strategy funds. Assets under management are generally based on the net asset value of these products. Management fees generally range from 1.00% to 2.50% of assets under management. For the three months ended September 30, 2016, our multi-strategy funds had an average management fee rate of 1.61%. We expect this rate to decline in the fourth quarter of 2016 due to the management fee rate reductions for existing investors in our multi-strategy funds. See “—Weighted-Average Assets Under Management and Average Management Fee Rate” above for additional information.

We generally crystallize incentive income from the majority of our multi-strategy funds on an annual basis. Incentive income is generally equal to 20% of the realized and unrealized profits attributable to each investor. A portion of the assets under management in each of the OZ Master Fund and our other multi-strategy funds is subject to initial commitment periods of three years, and certain of these assets are subject to hurdle rates (generally equal to the 3-month T-bill or LIBOR rate). However, once the investment performance has exceeded the hurdle rate for a portion of these assets, we may receive a preferential “catch-up” allocation, resulting in a potential recognition by us of a full 20% of the net profits attributable to investors in these assets. See “—Understanding Our Results—Incentive Income” for additional information.

	Assets Under Management as of September 30,		Returns for the Nine Months Ended September 30,				Annualized Returns Since Inception Through September 30, 2016	
			2016		2015			
	2016	2015	Gross	Net	Gross	Net	Gross	Net
Fund	(dollars in thousands)							
OZ Master Fund(1)	$ 19,777,558	$ 24,307,461	2.7 %	1.1 %	-0.7 %	-2.1 %	16.9% (1)	11.8% (1)
OZ Asia Master Fund	1,018,175	1,135,619	-2.1 %	-3.4 %	4.6 %	2.8 %	9.3%	5.3%
OZ Europe Master Fund	467,741	886,764	2.5 %	1.2 %	5.9 %	3.7 %	11.7%	7.7%
OZ Enhanced Master Fund	824,597	1,116,080	4.0 %	2.3 %	-2.7 %	-4.1 %	10.9%	7.0%
Och-Ziff European Multi-Strategy UCITS Fund	149,286	373,139	-3.5 %	-4.9 %	6.7 %	4.1 %	4.4%	1.6%
Other funds	1,140,047	1,661,913	n/m	n/m	n/m	n/m	n/m	n/m
	$ 23,377,404	**$ 29,480,976**						

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n/m not meaningful

(1) The annualized returns since inception are those of the Och-Ziff Multi-Strategy Composite, which represents the composite performance of all accounts that were managed in accordance with our broad multi-strategy mandate that were not subject to portfolio investment restrictions or other factors that limited our investment discretion since inception on April 1, 1994. Performance is calculated using the total return of all such accounts net of all investment fees and expenses of such accounts, except incentive income on unrealized gains attributable to Special Investments that could reduce returns in these investments at the time of realization, and the returns include the reinvestment of all dividends and other income. The performance calculation for the OZ Master Fund excludes realized and unrealized gains and losses attributable to currency hedging specific to certain investors investing in OZ Master Fund in currencies other than the U.S. Dollar. For the period from April 1, 1994 through December 31, 1997, the returns are gross of certain overhead expenses that were reimbursed by the accounts. Such reimbursement arrangements were terminated at the inception of the OZ Master Fund on January 1, 1998. The size of the accounts comprising the composite during the time period shown vary materially. Such differences impacted our investment decisions and the diversity of the investment strategies followed. Furthermore, the composition of the investment strategies we follow is subject to our discretion, has varied materially since inception and is expected to vary materially in the future. As of September 30, 2016, the gross and net annualized returns since the OZ Master Fund's inception on January 1, 1998 were 12.9% and 8.7%, respectively.

The $6.1 billion, or 21%, year-over-year decrease in assets under management in our multi-strategy funds was primarily due to capital net outflows of $6.7 billion, primarily from the OZ Master Fund. Partially offsetting the decrease was $644.9 million of performance-related appreciation. The largest sources of gross outflows from our multi-strategy funds were attributable to fund-of-funds, pensions and private banks. As discussed above, while we expect fourth quarter redemptions to remain somewhat elevated due to the FCPA settlements, there are several other factors that we believe will likely influence redemptions beyond just the settlements. The hedge fund industry overall is in the midst of a redemption cycle and there is also seasonality that can cause year-end redemptions to be higher as fund investors rebalance their investment portfolio allocations.

For the first nine months of 2016, the OZ Master Fund generated a gross return of 2.7% and a net return of 1.1%. On a gross basis, performance-related depreciation in long/short equity special situations was more than offset by strong positive performance in merger arbitrage, convertible and derivative arbitrage and credit-related strategies.

Despite a challenging start to 2016, OZ Master Fund saw the positive momentum that began in the second quarter carry into the third quarter. In particular, we saw share prices continue to react sensibly to fundamental news and events, a dynamic that contributed to improved performance in OZ Master Fund's long/short equity special situations strategy during the third quarter. While market dynamics could shift again, the environment appears to be more accommodating to fundamental investing.

OZ Master Fund's merger arbitrage, convertible and derivative arbitrage, corporate credit and structured credit strategies have each generated strong year-to-date gains through September 30, 2016. In merger arbitrage, certain transactions in which OZ Master Fund participated closed during the third quarter, contributing to the strategy's year-to-date gross return of +1.3%. Convertible and derivative arbitrage generated a gross return of +0.5% during the third quarter, driven by gains in convertible arbitrage positions, commodity-related volatility, commodity spreads and index volatility spread trades. Year-to-date, convertible and derivative arbitrage has generated a gross return of +1.3%. In OZ Master Fund's credit-related strategies, widening credit spreads and certain event-driven situations added +0.4% to the gross return within corporate credit during the third quarter, while in structured credit, a +0.9% gross return during the quarter was attributable to the realization of recoveries in certain of our idiosyncratic situations. Year-to-date, the corporate credit and structured credit strategies are each up +1.2% on a gross basis. Long/short equity special situations generated a gross return of +1.9% during the quarter, recovering some of its year-to-date losses, with gains being driven largely by favorable, idiosyncratic catalysts and developments in a number of positions, rather than by market factors. Year-to-date, performance in long/short equity special situations was -2.3%.

We continue to actively monitor OZ Master Fund's capital allocations across investment strategies and geographies. Long/short equity special situations strategy has remained the largest allocation in OZ Master Fund this year. This allocation is not reflective of a strong directional view of the current market. We believe this is an environment in which disciplined, bottom-up investment selection is the best approach to generating returns.

For the first nine months of 2015, the OZ Master Fund generated a gross return of -0.7% and net return of -2.1%, driven primarily by performance in credit-related strategies and long/short equity special situations.

Credit

	Assets Under Management as of September 30,	
	2016	2015
	(dollars in thousands)	
Opportunistic credit funds	$ 5,276,345	$ 4,857,344
Institutional Credit Strategies	7,265,811	7,060,118
	$ 12,542,156	**$ 11,917,462**

Opportunistic Credit Funds

Our opportunistic credit funds seek to generate risk-adjusted returns by capturing value in mispriced investments across disrupted, dislocated and distressed corporate, structured and private credit markets globally.

Certain of our opportunistic credit funds are open-end and allow for contributions and redemptions (subject to initial lock-up and notice periods) on a periodic basis similar to our multi-strategy funds. Our remaining opportunistic credit funds are closed-end, whereby investors make a commitment that is funded over an investment period. Upon the expiration of an investment period, the investments are then sold or realized over a period of time, and distributions are made to the investors in the fund.

Assets under management for our opportunistic credit funds are generally based on the net asset value of those funds plus any unfunded commitments. Management fees for our opportunistic credit funds generally range from 0.50% to 1.75% of the net asset value of these funds. See "—Understanding Our Results—Incentive Income" for additional information, including the recognition of incentive income for funds that we consolidate. For the three months ended September 30, 2016, our opportunistic credit funds had an average management fee rate of 0.88%.

The table below presents assets under management and investment performance information for certain of our opportunistic credit funds. Incentive income related to these funds is generally equal to 20% of realized and unrealized profits attributable to each investor, and a portion of these assets under management is subject to hurdle rates (generally 5% to 8%). However, once the investment performance has exceeded the hurdle rate, we may receive a preferential "catch-up" allocation, resulting in a potential recognition by us of a full 20% of the net profits attributable to investors in these funds. The measurement periods for these assets under management generally range from one to five years.

Fund	Assets Under Management as of September 30,				Returns for the Nine Months Ended September 30,				Annualized Returns Since Inception Through September 30, 2016	
	2016		2015		2016		2015			
					Gross	Net	Gross	Net	Gross	Net
	(dollars in thousands)									
OZ Credit Opportunities Master Fund	$	1,728,712	$	1,527,555	13.1%	11.4%	-1.8 %	-2.5 %	16.9%	12.5%
Customized Credit Focused Platform		2,630,186		1,775,852	15.6%	11.8%	0.8 %	0.4 %	19.4%	14.6%
Closed-end opportunistic credit funds		458,102		1,013,205	See below for return information on our closed-end opportunistic credit funds.					
Other funds		459,345		540,732	n/m	n/m	n/m	n/m	n/m	n/m
	$	**5,276,345**	**$**	**4,857,344**						

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n/m not meaningful

The $419.0 million year-over-year increase in our opportunistic credit funds was due to capital net inflows of $642.1 million, primarily into the Customized Credit Focused Platform, and $363.2 million of performance-related appreciation, partially offset by distributions and other reductions of $586.3 million related to our closed-end opportunistic credit funds. For the first nine months of 2016, the OZ Credit Opportunities Master Fund, our global opportunistic credit fund, generated a gross return of 13.1% and a net return of 11.4%. On a gross basis, performance was driven by the fund's U.S. portfolio.

The table below presents assets under management, investment performance and other information for our closed-end opportunistic credit funds. Incentive income related to these funds is generally equal to 20% of the cumulative realized profits attributable to each investor over the life of the fund, subject to hurdle rates (generally 5% to 6%), and is recognized at or near the end of the life of the fund when it is no longer subject to clawback. However, once the investment performance has exceeded the hurdle rate, we may receive a preferential "catch-up" allocation, resulting in a potential recognition by us of a full 20% of the net profits attributable to investors in these funds. The investment periods for these funds may generally be extended for an additional one to two years.

Fund (Investment Period)	Assets Under Management as of September 30,				Inception to Date as of September 30, 2016						
									IRR		
	2016		2015		Total Commitments		Total Invested Capital(1)		Gross(2)	Net(3)	Gross MOIC(4)
	(dollars in thousands)										
OZ European Credit Opportunities Fund (2012-2015)(5)	$	110,418	$	283,881	$	459,600	$	305,487	16.6%	12.5%	1.5 x
OZ Structured Products Domestic Fund II (2011-2014)(5)		156,860		307,138		326,850		326,850	18.7%	14.4%	1.8 x
OZ Structured Products Offshore Fund II (2011-2014)(5)		158,404		274,577		304,531		304,531	15.8%	11.9%	1.6 x
OZ Structured Products Offshore Fund I (2010-2013)(5)		11,573		25,365		155,098		155,098	24.0%	19.2%	2.1 x
OZ Structured Products Domestic Fund I (2010-2013)(5)		7,901		15,534		99,986		99,986	22.9%	18.3%	2.0 x
Other funds		12,946		106,710		298,250		268,250	n/m	n/m	n/m
	$	**458,102**	**$**	**1,013,205**	**$**	**1,644,315**	**$**	**1,460,202**			

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n/m not meaningful

(1) Represents funded capital commitments net of recallable distributions to investors.

(2) Gross IRR for our closed-end opportunistic credit funds represents the estimated, unaudited, annualized return based on the timing of cash inflows and outflows for the fund as of September 30, 2016, including the fair value of unrealized investments as of such date, together with any appreciation or depreciation from related hedging activity. Gross IRR does not include the effects of management fees or incentive income, which would reduce the return, and includes the reinvestment of all fund income.

(3) Net IRR is calculated as described in footnote (2), but is reduced by all management fees, as well as paid incentive and accrued incentive income that will be payable upon the distribution of each fund's capital in accordance with the terms of the relevant fund. Accrued incentive income may be higher or lower at such time. The net IRR represents a composite rate of return for a fund and does not reflect the net IRR specific to any individual investor.

(4) Gross MOIC for our closed-end opportunistic credit funds is calculated by dividing the sum of the net asset value of the fund, accrued incentive income, life-to-date incentive income and management fees paid and any non-recallable distributions made from the fund by the invested capital.

(5) These funds have concluded their investment periods, and therefore we expect assets under management for these funds to decrease as investments are sold and the related proceeds are distributed to the investors in these funds.

Institutional Credit Strategies

Institutional Credit Strategies is our asset management platform that invests in performing credits, including leveraged loans, high-yield bonds, private credit/bespoke financing and investment grade credit via CLOs and other customized solutions for clients. For the three months ended September 30, 2016, our Institutional Credit Strategies products had an average management fee rate of 0.39%.

			Assets Under Management as of September 30,	
	Closing Date	Initial Deal Size	2016	2015
			(dollars in thousands)	
CLOs:				
OZLM I	July 19, 2012	$ 510,700	$ 497,908	$ 506,324
OZLM II	November 1, 2012	560,100	513,343	517,966
OZLM III	February 20, 2013	653,250	612,283	614,150
OZLM IV	June 27, 2013	600,000	541,515	543,673
OZLM V	December 17, 2013	501,250	469,042	471,084
OZLM VI	April 16, 2014	621,250	597,638	593,404
OZLM VII	June 26, 2014	824,750	796,600	796,767
OZLM VIII	September 9, 2014	622,250	596,991	596,580
OZLM IX	December 22, 2014	510,208	495,255	495,900
OZLM XI	March 12, 2015	510,500	491,540	491,450
OZLM XII	May 28, 2015	565,650	547,914	546,435
OZLM XIII	August 6, 2015	511,600	496,370	493,012
OZLM XIV	December 21, 2015	507,420	497,179	—
		7,498,928	7,153,578	6,666,745
Other funds	n/a	n/a	112,233	393,373
		$ 7,498,928	**$ 7,265,811**	**$ 7,060,118**

Assets under management for our CLOs are generally based on the par value of the collateral and cash held in the CLOs. However, assets under management are reduced for any investments in our CLOs held by our other funds in order to avoid double counting these assets. Management fees for the CLOs are generally 0.50% of assets under management. Incentive income from our CLOs is generally equal to 20% of the excess cash flows due to the holders of the subordinated notes issued by the CLOs, subject to a 12% hurdle rate. See "—Understanding Our Results—Incentive Income" for additional information. Because of the hurdle rate and structure of our CLOs, we do not expect to earn a meaningful amount of incentive income from these entities, and therefore no return information is presented for these vehicles.

The year-over-year increase in assets under management was driven primarily by the launch of an additional CLO.

Real Estate Funds

Our real estate funds generally make investments in commercial and residential real estate, including real property, multi-property portfolios, real estate-related joint ventures, real estate operating companies and other real estate-related assets.

Assets under management for our real estate funds are generally based on the amount of capital committed by our fund investors during the investment period and the amount of actual capital invested for periods following the investment period. However, assets under management are reduced for unfunded commitments by our executive managing directors that will be funded through transfers from other funds in order to avoid double counting these assets. Management fees for our real estate funds generally range from 0.75% to 1.50% of assets under management. For the three months ended September 30, 2016, our real estate funds had an average management fee rate of 0.97%.

The tables below present assets under management, investment performance and other information for our real estate funds. Incentive income related to these funds is equal to 20% of the cumulative realized profits attributable to each investor over the life of the fund, subject to hurdle rates (generally 6% to 10%). However, once the investment performance has exceeded the hurdle rate, we may receive a preferential "catch-up" allocation, resulting in a potential recognition by us of a full 20% of the net profits attributable to investors in these funds.

	Assets Under Management as of September 30,	
	2016	2015
Fund	(dollars in thousands)	
Och-Ziff Real Estate Fund I	$ 16,554	$ 35,664
Och-Ziff Real Estate Fund II	307,108	349,860
Och-Ziff Real Estate Fund III	1,455,032	1,447,096
Och-Ziff Real Estate Credit Fund I	285,522	—
Other funds	80,641	108,137
	$ 2,144,857	**$ 1,940,757**

	Inception to Date as of September 30, 2016									
		Total Investments					Realized/Partially Realized Investments(1)			
	Total Commitments	Invested Capital(2)	Total Value(3)	Gross IRR(4)	Net IRR(5)	Gross MOIC(6)	Invested Capital	Total Value	Gross IRR(4)	Gross MOIC(6)
Fund (Investment Period)	(dollars in thousands)									
Och-Ziff Real Estate Fund I(7) (2005-2010)	$ 408,081	$ 385,351	$ 796,888	25.2%	15.6%	2.1x	$ 372,720	$ 790,662	26.5%	2.1x
Och-Ziff Real Estate Fund II(7) (2011-2014)	839,508	735,695	1,327,828	33.8%	21.8%	1.8x	552,240	1,106,207	39.6%	2.0x
Och-Ziff Real Estate Fund III(8) (2014-2019)	1,500,000	415,154	480,495	n/m	n/m	n/m	—	—	n/m	n/m
Och-Ziff Real Estate Credit Fund I(8) (2015-2019)	323,225	76,969	81,033	n/m	n/m	n/m	22,419	26,483	n/m	n/m
Other funds	215,348	65,095	111,011	n/m	n/m	n/m	39,848	92,436	n/m	n/m
	$ 3,286,162	**$ 1,678,264**	**$ 2,797,255**				**$ 987,227**	**$ 2,015,788**		

	Unrealized Investments as of September 30, 2016		
	Invested Capital	Total Value	Gross MOIC(6)
Fund (Investment Period)	(dollars in thousands)		
Och-Ziff Real Estate Fund I (2005-2010)(7)	$ 12,631	$ 6,226	0.5x
Och-Ziff Real Estate Fund II (2011-2014)(7)	183,455	221,621	1.2x
Och-Ziff Real Estate Fund III (2014-2019)(8)	415,154	480,495	n/m
Och-Ziff Real Estate Credit Fund I (2015-2019)(8)	54,550	54,550	n/m
Other funds	25,247	18,575	n/m
	$ 691,037	**$ 781,467**	

____

n/m not meaningful

(1) An investment is considered partially realized when the total amount of proceeds received, including dividends, interest or other distributions of income and return of capital, represents at least 50% of invested capital.

(2) Invested capital represents total aggregate contributions made for investments by the fund.

(3) Total value represents the sum of realized distributions and the fair value of unrealized and partially realized investments as of September 30, 2016. Total value will be impacted (either positively or negatively) by future economic and other factors. Accordingly, the total value ultimately realized will likely be higher or lower than the amounts presented as of September 30, 2016.

(4) Gross IRR for our real estate funds represents the estimated, unaudited, annualized return based on the timing of cash inflows and outflows for the aggregated investments as of September 30, 2016, including the fair value of unrealized and partially realized investments as of such date, together with any unrealized appreciation or depreciation from related hedging activity. Gross IRR is not adjusted for estimated management fees, incentive income or other fees or expenses to be paid by the fund, which would reduce the return.

(5) Net IRR is calculated as described in footnote (4), but is reduced by all management fees and other fund-level fees and expenses not adjusted for in the calculation of gross IRR. Net IRR is further reduced by paid incentive and accrued incentive income that will be payable upon the distribution of each fund's capital in accordance with the terms of the relevant fund. Accrued incentive income may be higher or lower at such time. The net IRR represents a composite rate of return for a fund and does not reflect the net IRR specific to any individual investor.

(6) Gross MOIC for our real estate funds is calculated by dividing the value of a fund's investments by the invested capital, prior to adjustments for incentive income, management fees or other expenses to be paid by the fund.

(7) These funds have concluded their investment periods, and therefore we expect assets under management for these funds to decrease as investments are sold and the related proceeds are distributed to the investors in these funds.

(8) This fund recently launched and has only invested a small portion of its committed capital; therefore, IRR and MOIC information is not presented, as it is not meaningful.

The $204.1 million year-over-year increase in assets under management in our real estate funds was driven primarily by additional commitments to Och-Ziff Real Estate Credit Fund I, partially offset by distributions primarily related to Och-Ziff Real Estate Fund II.

Other

Our other assets under management are comprised of funds that are generally strategy-specific, including our equity, Africa and energy funds. Management fees for these funds range from 0.75% to 2.25% of assets under management, generally based on the amount of capital committed to these platforms by our fund investors. For the three months ended September 30, 2016, our other funds had an average management fee rate of 0.97%. Incentive income for our equity funds is generally 20% of realized and unrealized annual profits attributable to each investor. Incentive income related to the Africa and energy funds is generally 20% of cumulative realized profits attributable to each investor, and is subject to hurdle rates (generally 8%). Incentive income for the Africa and energy funds is generally not recognized as revenue until at or near the end of the life of the fund when it is no longer subject to clawback. See "—Understanding Our Results—Incentive Income" for additional information.

Longer-Term Assets Under Management

As of September 30, 2016, approximately 42% of our assets under management were subject to initial commitment periods of three years or longer. We earn incentive income on these assets based on the cumulative investment performance generated over this commitment period. The table below presents the amount of these assets under management, as well as the gross amount of incentive income accrued at the fund level but for which the commitment period has not concluded. These amounts have not yet been recognized in our revenues, as we recognize incentive income at the end of the commitment period when amounts are no longer subject to clawback. Further, these amounts may ultimately not be recognized as revenue by us in the event of future losses in the respective funds. See "—Understanding Our Results—Incentive Income" for additional information.

	September 30, 2016	
	Longer-Term Assets Under Management	Accrued Unrecognized Incentive Income
	(dollars in thousands)	
Multi-strategy funds	$ 2,623,669	$ 23,029
Credit		
Opportunistic credit funds	4,147,836	155,823
Institutional Credit Strategies	7,223,923	—
Real estate funds	2,144,857	121,079
Other	289,667	337
	$ 16,429,952	**$ 300,268**

We recognize incentive income on our longer-term assets under management in our multi-strategy funds and open-end opportunistic credit funds at the end of their respective commitment periods, which are generally three to five years. We expect the commitment period with respect to approximately 13% and 10% of the longer-term assets under management in our multi-strategy and open-end opportunistic credit funds, respectively, to mature during the fourth quarter of 2016. Incentive income related to assets under management in our closed-end opportunistic credit funds and our real estate funds is generally recognized at or near the end of the life of each fund. These funds generally begin to make distributions after the conclusion of their respective investment period, as presented in the tables above. However, these investment periods may generally be extended for an additional one to two years.

Understanding Our Results

Revenues

Our operations have been financed primarily by cash flows generated by our business. Our principal sources of revenues are management fees and incentive income. For any given period, our revenues are influenced by the amount of our assets under management, the investment performance of our funds and the timing of when we recognize incentive income for certain assets under management as discussed below.

The ability of investors to contribute capital to and redeem capital from our funds causes our assets under management to fluctuate from period to period. Fluctuations in assets under management also result from our funds' investment performance. Both of these factors directly impact the revenues we earn from management fees and incentive income. For example, a $1 billion increase or decrease in assets under management subject to a 2% management fee would generally increase or decrease annual management fees by $20 million. If net profits attributable to a fee-paying fund investor were $10 million in a given year, we generally would earn incentive income equal to $2 million, assuming a 20% incentive income rate, a one-year commitment period, no hurdle rate and no high-water marks from prior years.

For any given quarter, our revenues are influenced by the combination of assets under management and the investment performance of our funds. For the first three quarters of each year, our revenues are primarily comprised of the management fees we have earned for each respective quarter. In addition, we may recognize incentive income for assets under management for which the measurement period expired in that quarter, such as assets subject to three-year commitment periods, or incentive income related to fund investor redemptions, and these amounts may be significant. In the fourth quarter, our revenues are primarily comprised of the management fees we have earned for the quarter, as well as incentive income related to the full-year investment performance generated on assets under management that are subject to one-year commitment periods, or for other assets under management for which the commitment period expired in that quarter.

Management Fees. Management fees are generally calculated and paid to us on a quarterly basis in advance, based on the amount of assets under management at the beginning of the quarter. Management fees are prorated for capital inflows and redemptions during the quarter. Accordingly, changes in our management fee revenues from quarter to quarter are driven by changes in the quarterly opening balances of assets under management, the relative magnitude and timing of inflows and redemptions during the respective quarter, as well as the impact of differing management fee rates charged on those inflows and redemptions. See "—Weighted-Average Assets Under Management and Average Management Fee Rate" for information on our average management fee rate.

Incentive Income. We earn incentive income based on the cumulative performance of our funds over a commitment period. Incentive income is typically equal to 20% of the net realized and unrealized profits attributable to each fund investor in our multi-strategy funds, open-end opportunistic credit funds and certain other funds, but it excludes unrealized gains and losses attributable to Special Investments. For our closed-end opportunistic credit funds, real estate funds and certain other funds, incentive income is typically equal to 20% of the realized profits attributable to each fund investor. For our CLOs within Institutional Credit Strategies, incentive income is typically 20% of the excess cash flows available to the holders of the subordinated notes. Our ability to earn incentive income from some of our funds may be impacted by hurdle rates as further discussed below.

For funds that we do not consolidate, incentive income is recognized at the end of the applicable commitment period when the amounts are contractually payable, or "crystallized." Additionally, all of our multi-strategy funds and open-end opportunistic credit funds are subject to a perpetual loss carry forward, or a perpetual "high-water mark," meaning we would not be able to earn incentive income with respect to positive investment performance we generate for a fund investor in any year following negative investment performance until that loss is recouped, at which point a fund investor's investment surpasses the high-water mark. We earn incentive income on any net profits in excess of the high-water mark.

For funds that we consolidate, incentive income is recognized by allocating a portion of the net income of the consolidated Och-Ziff funds to us rather than to the fund investors (noncontrolling interests). Incentive income allocated to us is not reflected as incentive income in our consolidated revenues, as these amounts are eliminated in consolidation. The allocation of incentive income to us is based on the contractual terms of the relevant fund agreements. As a result, we may recognize earnings related to our incentive income allocation from the consolidated Och-Ziff funds prior to the end of their respective commitment periods, and therefore we may recognize earnings that are subject to clawback to the extent a consolidated fund generates subsequent losses. For Economic Income purposes, we defer recognition of these earnings until they are no longer subject to clawback.

The commitment period for most of our assets under management is for a period of one year on a calendar-year basis, and therefore we generally crystallize incentive income annually on December 31. We may also recognize incentive income related to fund investor redemptions at other times during the year. Additionally, we may recognize a material amount of incentive income during the year related to assets subject to three-year commitment periods for which such period has expired (including the rollover of a portion of these assets into one-year commitment periods upon the conclusion of the initial three-year period), as well as assets in certain of our opportunistic credit funds, real estate funds and certain other funds we manage, which typically have commitment periods of three years or longer. We may also recognize incentive income for tax distributions related to these assets. Tax distributions are amounts distributed to us to cover tax liabilities related to incentive income that has been accrued at the fund level but will not be recognized by us until the end of the relevant commitment period (if at all).

In addition to assets under management subject to one-year commitment periods, approximately $16.4 billion, or 42%, of our assets under management as of September 30, 2016 were subject to initial commitment periods of three years or longer. These assets under management include assets subject to three-year commitment periods in the OZ Master Fund and certain other multi-strategy funds, as well as assets in our opportunistic credit funds, Institutional Credit Strategies products, real estate funds and other alternative investment vehicles we manage. Incentive income related to these assets is based on the cumulative investment performance over a specified commitment period (in the case of CLOs within Institutional Credit Strategies, based on the excess cash flows available to the holders of the subordinated notes), and, to the extent a fund is not consolidated, is not earned until it is no longer subject to repayment to the respective fund. Our ability to earn incentive income on these longer-term assets is also subject to hurdle rates whereby we do not earn any incentive income until the investment returns exceed an agreed upon benchmark. However, for a portion of these assets subject to hurdle rates, once the investment performance has exceeded the hurdle rate, we may receive a preferential "catch-up" allocation, resulting in a potential recognition by us of a full 20% of the net profits attributable to investors in these assets.

Income of Consolidated Och-Ziff Funds. Revenues recorded as income of consolidated Och-Ziff funds consist of interest income, dividend income and other miscellaneous items.

Expenses

Compensation and Benefits. Compensation and benefits consist of salaries, benefits, payroll taxes, and discretionary and guaranteed cash bonus expenses. On an annual basis, compensation and benefits comprise a significant portion of total expenses, with discretionary cash bonuses generally comprising a significant portion of total compensation and benefits. These cash bonuses are based on total annual revenues, which are significantly influenced by the amount of incentive income we earn in the year. Annual discretionary cash bonuses are generally determined and expensed in the fourth quarter of each year. Compensation and benefits also includes equity-based compensation expense, which is primarily in the form of RSUs granted to our independent board members, employees and executive managing directors, as well as Och-Ziff Operating Group A Units granted to executive managing directors subsequent to the 2007 Offerings.

We also issue Och-Ziff Operating Group D Units to executive managing directors. The Och-Ziff Operating Group D Units are not considered equity under GAAP and no equity-based compensation expense is recognized related to these units when they are granted. Distributions made to holders of these units are recognized within compensation and benefits in the consolidated statements of comprehensive income (loss), and are done on a pro rata basis with the Och-Ziff Operating Group A Units (held by our executive managing directors) and the Och-Ziff Operating Group B Units (held by our intermediate holding companies). An Och-Ziff Operating Group D Unit converts into an Och-Ziff Operating Group A Unit to the extent the Company determines that it has become economically equivalent to an Och-Ziff Operating Group A Unit, at which point it is considered a grant of equity-based compensation for GAAP purposes. Upon the conversion of Och-Ziff Operating Group D Units into Och-Ziff Operating Group A Units, we recognize a one-time charge for the grant-date fair value of the vested units and begin to amortize the grant-date fair value of the unvested units over the vesting period. As additional Och-Ziff Operating Group D Units are converted into Och-Ziff Operating Group A Units in the future, we may see increasing non-cash equity-based compensation expense related to these units.

We also have profit-sharing arrangements whereby certain employees or executive managing directors are entitled to a share of incentive income distributed by certain funds. This incentive income is typically paid to us, and a portion is paid to the participant, as investments held by these funds are realized. We defer the recognition of any portion of this incentive income to the extent it is subject to clawback and relates to a fund that is not consolidated. See "—Incentive Income" above. To the extent that the payments to the employees or executive managing directors are probable and reasonably estimable, we accrue these payments as compensation expense for GAAP purposes, which may occur prior to the recognition of the related incentive income.

In August 2012, we adopted the Och-Ziff Capital Management Group LLC 2012 Partner Incentive Plan (the "PIP"), under which certain of our executive managing directors at the time of the IPO may be eligible to receive discretionary cash awards and discretionary grants of Och-Ziff Operating Group D Units over a five-year period that commenced in 2013. Each year, an aggregate of up to 2,770,749 Och-Ziff Operating Group D Units may be granted under the PIP to the participating executive managing directors. Aggregate discretionary cash awards for each year under the PIP will be capped at 10% of our incentive income earned during such year, up to a maximum of $39.6 million. In addition to awards under the PIP, we may also issue additional performance-related Och-Ziff Operating Group D Units or make discretionary performance cash payments to our executive managing directors.

Reorganization Expenses. As part of the Reorganization, interests in the Och-Ziff Operating Group held by our executive managing directors and the Ziffs were reclassified as Och-Ziff Operating Group A Units, resulting in significant non-cash Reorganization expenses. Substantially all of those Och-Ziff Operating Group A Units were expensed on a straight-line basis over a five-year vesting period following the 2007 Offerings, which concluded in November 2012. However, certain of these units had vesting periods through 2015.

Interest Expense. Amounts included within interest expense relate primarily to indebtedness outstanding under the 4.50% Senior Notes issued in November 2014 (the "Senior Notes"). We also have indebtedness outstanding under a secured multiple draw term loan agreement entered into in February 2014 to finance installment payments made toward the purchase of a new corporate aircraft that was delivered to us in February 2015 (the "Aircraft Loan"). Interest expense related to the Aircraft Loan was capitalized and, therefore, not included in interest expense prior to aircraft delivery. Following aircraft delivery in 2015, interest on the Aircraft Loan is fixed at 3.22% per annum. In April 2016, we borrowed $120.0 million pursuant to our revolving credit facility (the "Revolving Credit Facility") at a rate per annum of LIBOR plus 1.00% to 2.00%, or a base rate plus 0% to 1.00%. See "—Liquidity and Capital Resources—Debt Obligations" for additional information.

General, Administrative and Other. General, administrative and other expenses are related to recurring placement and related service fees, occupancy and equipment, professional services, information processing and communications, insurance, business development, changes in our tax receivable agreement liability and other miscellaneous expenses. In addition, the $412.1 million FCPA settlements liability accrued for in the first nine months of 2016 is also included in this line item.

Expenses of Consolidated Och-Ziff Funds. Expenses recorded as expenses of consolidated Och-Ziff funds consist of interest expense and other miscellaneous expenses.

Other Income (Loss)

Net Gains on Investments in Och-Ziff Funds and Joint Ventures. Net gains on investments in Och-Ziff funds and joint ventures primarily consist of net gains and losses on investments in our funds made by us and net gains and losses on investments in joint ventures established to expand certain of our private investments platforms.

Net Gains of Consolidated Och-Ziff Funds. Net gains of consolidated Och-Ziff funds consist of net realized and unrealized gains and losses on investments held by the consolidated Och-Ziff funds.

Income Taxes

Income taxes consist of our provision for federal, state and local income taxes in the United States and foreign income taxes, including provisions for deferred income taxes resulting from temporary differences between the tax and GAAP basis. The computation of the provision requires certain estimates and significant judgment, including, but not limited to, the expected taxable income for the year, projections of the proportion of income earned and taxed in foreign jurisdictions, permanent differences between the tax and GAAP basis and the likelihood of being able to fully utilize deferred income tax assets existing as of the end of the period.

The Registrant and the Och-Ziff Operating Group entities are partnerships for U.S. federal income tax purposes. Due to our legal structure, only a portion of the income we earn is subject to corporate-level income taxes in the United States and foreign jurisdictions. The amount of incentive income we earn in a given year, the resultant flow of revenues and expenses through our legal entity structure, the effect that changes in our Class A Share price may have on the ultimate deduction we are able to take related to the settlement of RSUs, and any changes in future enacted income tax rates may have a significant impact on our income tax provision and effective income tax rate.

Net Income (Loss) Allocated to Noncontrolling Interests

Noncontrolling interests represent ownership interests in our subsidiaries held by parties other than us and are primarily made up of Och-Ziff Operating Group A Units and fund investors' interests in the consolidated Och-Ziff funds. Increases or decreases in net income (loss) allocated to the Och-Ziff Operating Group A Units are driven by the earnings of the Och-Ziff Operating Group. Increases or decreases in the net income allocated to fund investors' interests in consolidated Och-Ziff funds are driven by the earnings of those funds as allocated under the contractual terms of the relevant fund agreements.

Our interest in the Och-Ziff Operating Group is expected to continue to increase over time as additional Class A Shares are issued upon the exchange of Och-Ziff Operating Group A Units and settlement of RSUs. These increases will be offset upon the conversion of Och-Ziff Operating Group D Units, which are not considered equity for GAAP purposes, into Och-Ziff Operating Group A Units.

Additionally, we consolidate certain of our credit funds, wherein investors are able to redeem their interests after an initial lock-up period of up to three years. Allocations of earnings to these interests are reflected within net income allocated to redeemable noncontrolling interests in the consolidated statements of comprehensive income (loss).

Results of Operations

As previously discussed, the deconsolidation of the majority of our funds upon the adoption of ASU 2015-02 on January 1, 2016, caused a significant decrease in the amount of income of consolidated Och-Ziff funds, expenses of consolidated Och-Ziff funds, and net gains of consolidated Och-Ziff funds in our consolidated statements of comprehensive income (loss). Management fees and incentive income from the previously consolidated funds are also no longer eliminated in consolidation. The net impact to our results is that incentive income from these funds will now be recognized when such amounts are no longer subject to clawback. Prior to deconsolidation, incentive income from these previously consolidated funds was recognized by allocating a portion of the net income of these funds to us rather than to the fund investors (noncontrolling interests) based on the contractual terms of the relevant fund agreements. This resulted in incentive income being recognized that was subject to clawback in the event of future losses in the respective funds.

See "—Economic Income Analysis" for a discussion of our results on an Economic Income basis, which excludes the effects of the consolidated funds.

Revenues

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Management fees	$ 128,513	$ 162,778	$ 428,822	$ 496,207
Incentive income	18,754	35,615	57,477	121,262
Other revenues	380	579	1,544	1,548
Income of consolidated Och-Ziff funds	458	126,931	1,262	361,136
Total Revenues	**$ 148,105**	**$ 325,903**	**$ 489,105**	**$ 980,153**

Total revenues for the quarter-to-date period decreased by $177.8 million, primarily due to the following:

- A $126.5 million decrease in income of consolidated Och-Ziff funds, primarily as a result of the deconsolidation of the majority of our funds during the first quarter of 2016.
- A $34.3 million decrease in management fees, driven primarily by lower assets under management in our multi-strategy funds. This decline in our multi-strategy funds impacted the mix of products that comprise our assets under management, resulting in a lower year-over-year average management fee rate. See "Assets Under Management and Fund Performance—Weighted-Average Assets Under Management and Average Management Fee Rate" above for information regarding our average management fee rate. Also affecting the year-over-year variance are management fees for certain previously consolidated funds that were eliminated in consolidation in the prior-year period. See "Economic Income Analysis" for a discussion of our management fees that excludes the effects of eliminations in consolidation.
- A $16.9 million decrease in incentive income, primarily due to the following:
  - *Multi-strategy funds*. A $33.3 million decrease in incentive income from our multi-strategy funds was due to: (i) a $14.5 million decrease related to fund investor redemptions; (ii) an $11.0 million decrease related to assets subject to a one-year measurement period; and (iii) a $7.8 million decrease related to longer-term assets under management.
  - *Opportunistic credit funds*. A $5.6 million increase in incentive income from our opportunistic credit funds, primarily due to realizations from our closed-end opportunistic credit funds.
  - *Real estate funds*. A $10.2 million increase in incentive income from our real estate funds, primarily due to a realization event in one of our real estate co-investment vehicles.

Total revenues for the year-to-date period decreased by $491.0 million, primarily due to the following:

- A $359.9 million decrease in income of consolidated Och-Ziff funds, primarily as a result of the deconsolidation of the majority of our funds during the first quarter of 2016.
- A $67.4 million decrease in management fees, driven primarily by lower assets under management in our multi-strategy funds. This decline in our multi-strategy funds impacted the mix of products that comprise our assets under management, resulting in a lower year-over-year average management fee rate. See "Assets Under Management and Fund Performance—Weighted-Average Assets Under Management and Average Management Fee Rate" above for information regarding our average management fee rate. Also affecting the year-over-year variance are management fees for certain previously consolidated funds that were eliminated in consolidation in the prior-year period. See "Economic Income Analysis" for a discussion of our management fees that excludes the effects of eliminations in consolidation.

- A $63.8 million decrease in incentive income, primarily due to the following:
  - *Multi-strategy funds*. A $77.3 million decrease in incentive income from our multi-strategy funds was due to: (i) a $29.9 million decrease related to fund investor redemptions; (ii) a $21.7 million decrease related to assets subject to a one-year measurement period; (iii) a $15.5 million decrease related to lower tax distributions taken to cover tax liabilities on incentive income that has been accrued on certain longer-term assets under management, but that will not be realized until the end of the relevant commitment period; and (iv) a $10.2 million decrease related to longer-term assets under management.
  - *Opportunistic credit funds*. Incentive income from our opportunistic credit funds remained relatively flat period over period.
  - *Real estate funds*. A $13.5 million increase in incentive income from our real estate funds due a realization event in one of our real estate co-investment vehicles, as well as an increase in incentive income from Och-Ziff Real Estate Fund I. Amounts earned from Och-Ziff Real Estate Fund I were eliminated in consolidation in the prior year period. This fund was deconsolidated on January 1, 2016 upon the adoption of ASU 2015-02.

Expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Compensation and benefits	$ 57,758	$ 70,602	$ 169,762	$ 211,895
Reorganization expenses	—	4,018	—	12,052
Interest expense	6,129	5,383	17,452	16,033
General, administrative and other	44,306	65,484	584,331	127,332
Expenses of consolidated Och-Ziff funds	17	82,576	316	220,847
Total Expenses	**$ 108,210**	**$ 228,063**	**$ 771,861**	**$ 588,159**

Total expenses for the quarter-to-date period decreased by $119.9 million, primarily due to the following:

- An $82.6 million decrease in expenses of consolidated Och-Ziff funds, primarily as a result of the deconsolidation of the majority of our funds during the first quarter of 2016.
- A $21.2 million decrease in general, administrative and other expenses driven primarily by the following: (i) $12.4 million decrease in change in tax receivable agreement liability expense due to updated estimated future income tax savings at the state and local level resulting from an enacted change in tax law (see income tax discussion below); (ii) a $5.2 million decrease in professional fees; (iii) a $3.7 million decrease in recurring placement and related service fees due to lower assets under management subject to these arrangements; (iv) a $2.2 million decrease in the estimated FCPA settlements liability; and (v) an offsetting $4.4 million loss in the current year period related to one of our corporate aircraft that was reclassified as held for sale during the third quarter of 2016 (see Note 8 of our consolidated financial statements).
- A $12.8 million decrease in compensation and benefits expenses, primarily driven by the following: (i) a $9.2 million decrease in equity-based compensation expense due to a lower average grant date fair value and a lower number of RSUs being amortized; (ii) a $2.3 million decrease in allocations to Och-Ziff Operating Group D Units due to lower profitability of the Och-Ziff Operating Group; and (iii) a $1.6 million decrease in salaries and benefits, primarily due to a lower number of employees in the current year period. Our global headcount was 548 as of September 30, 2016, as compared to 657 as of September 30, 2015.

Total expenses for the year-to-date period increased by $183.7 million, primarily due to the following:

- A $457.0 million increase in general, administrative and other expenses, primarily driven by: (i) the $412.1 million FCPA settlements liability accrued over the first nine months of 2016; (ii) a $35.9 million increase in change in tax receivable agreement liability expense due to updated estimated future income tax savings at the state and local level (see income tax discussion below); (iii) a $9.8 million increase in professional fees primarily due to increased expenses associated with the FCPA investigation; (iv) a $4.4 million loss in the current year period related to one of our corporate aircraft that was reclassified as held for sale during the third quarter of 2016 (see Note 8 of our consolidated financial statements); and (v) an offsetting $6.1 million decrease in recurring placement and related service fees due to lower assets under management subject to these arrangements.

- A $220.5 million offsetting decrease in expenses of consolidated Och-Ziff funds, primarily as a result of the deconsolidation of the majority of our funds during the first quarter of 2016.
- A $42.1 million offsetting decrease in compensation and benefits expenses, driven by the following: (i) a $30.3 million decrease in equity-based compensation expense due to a lower average grant date fair value and a lower number of RSUs being amortized; and (ii) an $11.8 million decrease in allocations to Och-Ziff Operating Group D Units due to lower profitability of the Och-Ziff Operating Group.

Other Income (Loss)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Net gains (losses) on investments in Och-Ziff funds and joint ventures	$ 803	$ (146)	$ 1,302	$ 43
Net gains (losses) of consolidated Och-Ziff funds	821	(20,627)	2,182	21,859
Total Other Income (Loss)	**$ 1,624**	**$ (20,773)**	**$ 3,484**	**$ 21,902**

Total other income for the quarter-to-date and year-to-date periods increased by $22.4 million and decreased by $18.4 million, respectively, primarily due to the deconsolidation of the majority of our funds during the first quarter of 2016.

Income Taxes

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Income taxes	$ 9,986	$ 12,422	$ 39,436	$ 119,607

Income tax expense for the quarter-to-date period decreased by $2.4 million, primarily due to lower management fees and incentive income generated during the 2016 comparative period. Income tax expenses for the year-to-date period decreased by $80.2 million, primarily due to higher deferred tax expense in the prior year, resulting from an enacted change in tax law that changed the methodology used for local income tax apportionment, which resulted in a revaluation of our deferred income tax assets.

Net Income (Loss) Allocated to Noncontrolling Interests

The following table presents the components of the net income (loss) allocated to noncontrolling interests and to redeemable noncontrolling interests:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Och-Ziff Operating Group A Units	$ 16,313	$ 43,505	$ (187,338)	$ 175,239
Consolidated Och-Ziff funds	—	35,266	262	94,723
Other	257	200	209	384
Total	**$ 16,570**	**$ 78,971**	**$ (186,867)**	**$ 270,346**
Redeemable noncontrolling interests	$ 678	$ (31,743)	$ 1,801	$ (24,105)

Net income allocated to noncontrolling interests for the quarter-to-date period decreased by $62.4 million, primarily due to the following:

- A $35.3 million decrease in the net income allocated to the consolidated Och-Ziff funds due to the deconsolidation of the majority of our funds during the first quarter of 2016.
- A $27.2 million decrease in the net income allocated to the Och-Ziff Operating Group A Units, primarily due to lower management fees and incentive income, partially offset by lower operating expenses.

Net (loss) income allocated to noncontrolling interests for the year-to-date period decreased by $457.2 million, primarily due to the following:

- A $362.6 million decrease in the net (loss) income allocated to the Och-Ziff Operating Group A Units, primarily driven by the $412.1 million FCPA settlements liability accrual recorded in the first nine months of 2016. In addition, lower management fees and incentive income and higher non-compensation expenses, partially offset by lower compensation and benefits, also contributed to the decrease.
- A $94.5 million decrease in the net income allocated to the consolidated Och-Ziff funds due to the deconsolidation of the majority of our funds during the first quarter of 2016.

Net Income (Loss) Allocated to Class A Shareholders

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Net income (loss) allocated to Class A Shareholders	$ 14,285	$ 17,417	$ (133,642)	$ 48,048

Net income allocated to Class A Shareholders for the quarter-to-date period decreased by $3.1 million, primarily driven by the lower management fees and incentive income, partially offset by a decrease in operating expenses and income taxes in the third quarter of 2016.

Net (loss) income allocated to Class A Shareholders for the year-to-date period decreased by $181.7 million, primarily driven by the $412.1 million FCPA settlements liability accrual recorded in the first nine months of 2016. In addition, lower management fees and incentive income and higher non-compensation expenses, partially offset by lower income taxes and lower compensation and benefits, also contributed to the year-over-year decrease.

Economic Income Analysis

In addition to analyzing our results on a GAAP basis, management also reviews our results on an "Economic Income" basis. Economic Income excludes the adjustments described below that are required for presentation of our results on a GAAP basis, but that management does not consider when evaluating operating performance in any given period. Management uses Economic Income as the basis on which it evaluates our financial performance and makes resource allocation and other operating decisions. Management considers it important that investors review the same operating information that it uses.

Economic Income is a measure of pre-tax operating performance that excludes the following from our results on a GAAP basis:

- Income allocations to our executive managing directors on their direct interests in the Och-Ziff Operating Group. Management reviews operating performance at the Och-Ziff Operating Group level, where our operations are performed, prior to making any income allocations.
- Reorganization expenses related to the 2007 Offerings, equity-based compensation expenses and depreciation and amortization expenses, as management does not consider these non-cash expenses to be reflective of operating performance. However, the fair value of RSUs that are settled in cash to employees or executive managing directors is included as an expense at the time of settlement.
- Changes in the tax receivable agreement liability and net gains on investments in Och-Ziff funds, as management does not consider these items to be reflective of operating performance.
- Amounts related to the consolidated Och-Ziff funds, including the related eliminations of management fees and incentive income, as management reviews the total amount of management fees and incentive income earned in relation to total assets under management and fund performance. We also defer the recognition of incentive income allocations from the consolidated Och-Ziff funds until all clawback contingencies are resolved, consistent with the revenue recognition policy for the funds we do not consolidate.

In addition, expenses related to compensation and profit-sharing arrangements based on fund investment performance are recognized at the end of the relevant commitment period, as management reviews the total compensation expense related to these arrangements in relation to any incentive income earned by the relevant fund.

As a result of the adjustments described above, as well as an adjustment to present management fees net of recurring placement and related service fees (rather than considering these fees an expense), management fees, incentive income, compensation and benefits, non-compensation expenses and net income (loss) allocated to noncontrolling interests as presented on an Economic Income basis are also non-GAAP measures. No adjustments to the GAAP basis have been made for other revenues and net gains (losses) on joint ventures. For reconciliations of our non-GAAP measures to the respective GAAP measures, please see "—Economic Income Reconciliations" at the end of this MD&A.

Our non-GAAP financial measures should not be considered as alternatives to our GAAP net income allocated to Class A Shareholders or cash flow from operations, or as indicative of liquidity or the cash available to fund operations. Our non-GAAP measures may not be comparable to similarly titled measures used by other companies.

We currently have two operating segments: the Och-Ziff Funds segment and our real estate business. The Och-Ziff Funds segment, which provides asset management services to our multi-strategy funds, dedicated credit funds and other alternative investment vehicles, is currently our only reportable operating segment under GAAP. Our real estate business, which provides asset management services to our real estate funds, is included within Other Operations as it does not meet the threshold of a reportable operating segment under GAAP.

Economic Income Revenues (Non-GAAP)

	Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Economic Income Basis						
Management fees	$ 114,521	$ 5,184	$ 119,705	$ 157,346	$ 5,357	$ 162,703
Incentive income	16,202	2,552	18,754	36,907	2,046	38,953
Other revenues	378	2	380	572	7	579
Total Economic Income Revenues	**$ 131,101**	**$ 7,738**	**$ 138,839**	**$ 194,825**	**$ 7,410**	**$ 202,235**

Economic Income revenues for the quarter-to-date period decreased by $63.4 million, primarily due to the following:

- A $43.0 million decrease in management fees, driven primarily by lower assets under management in our multi-strategy funds. This decline in our multi-strategy funds impacted the mix of products that comprise our assets under management, resulting in a lower year-over-year average management fee rate. See "Assets Under Management and Fund Performance—Weighted-Average Assets Under Management and Average Management Fee Rate" above for information regarding our average management fee rate.
- A $20.2 million decrease in incentive income, primarily due to the following:
  - *Multi-strategy funds.* A $33.3 million decrease in incentive income from our multi-strategy funds was due to: (i) a $14.5 million decrease related to fund investor redemptions; (ii) an $11.0 million decrease related to assets subject to a one-year measurement period; and (iii) a $7.8 million decrease related to longer-term assets under management.
  - *Opportunistic credit funds.* A $5.6 million increase in incentive income from our opportunistic credit funds, primarily due to realizations from our closed-end opportunistic credit funds.
  - *Real estate funds.* An $8.2 million increase in incentive income from our real estate funds, primarily due to a realization event in one of our real estate co-investment vehicles.

	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Economic Income Basis						
Management fees	$ 381,904	$ 15,556	$ 397,460	$ 478,597	$ 14,958	$ 493,555
Incentive income	50,105	7,372	57,477	129,972	5,801	135,773
Other revenues	1,533	11	1,544	1,523	25	1,548
Total Economic Income Revenues	**$ 433,542**	**$ 22,939**	**$ 456,481**	**$ 610,092**	**$ 20,784**	**$ 630,876**

Economic Income revenues for the year-to-date period decreased by $174.4 million, primarily due to the following:

- A $96.1 million decrease in management fees, driven primarily by lower assets under management in our multi-strategy funds. This decline in our multi-strategy funds impacted the mix of products that comprise our assets under management, resulting in a lower year-over-year average management fee rate. See "Assets Under Management and Fund Performance—Weighted-Average Assets Under Management and Average Management Fee Rate" above for information regarding our average management fee rate.
- A $78.3 million decrease in incentive income, primarily due to the following:
  - *Multi-strategy funds.* A $77.3 million decrease in incentive income from our multi-strategy funds was due to: (i) a $29.9 million decrease related to fund investor redemptions; (ii) a $21.7 million decrease related to

assets subject to one-year measurement period; (iii) a $15.5 million decrease related to lower tax distributions taken to cover tax liabilities on incentive income that has been accrued on certain longer-term assets under management, but that will not be realized until the end of the relevant commitment period; and (iv) a $10.2 million decrease related to longer-term assets under management.

- *Opportunistic credit funds.* A $7.4 million decrease in incentive income from our opportunistic credit funds, driven primarily by lower tax distributions on certain longer-term assets under management.
- *Real estate funds.* A $7.7 million increase in incentive income from our real estate funds due to a realization event in one of our real estate co-investment vehicles.

Economic Income Expenses (Non-GAAP)

	Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Economic Income Basis						
Compensation and benefits	$ 33,506	$ 2,438	$ 35,944	$ 33,749	$ 2,176	$ 35,925
Non-compensation expenses	44,877	605	45,482	54,299	466	54,765
Total Economic Income Expenses	**$ 78,383**	**$ 3,043**	**$ 81,426**	**$ 88,048**	**$ 2,642**	**$ 90,690**

Economic Income expenses for the quarter-to-date period decreased by $9.3 million, primarily due to the following:

- A $9.3 million decrease in non-compensation expenses, primarily driven by the following: (i) a $5.2 million decrease in professional services; (ii) a $2.2 million decrease in estimated FCPA settlements liability accrual; and (iii) a $1.2 million decrease in business development costs, as well as reductions across a number of other expense categories. The ratio of non-compensation expense, excluding the FCPA settlements liability accrual, to management fees was 40% for the third quarter of 2016, compared to 34% for the third quarter of 2015.
- Compensation and benefit expenses remained relatively flat period over period due to a $1.6 million decrease in salaries and benefits resulting from a lower number of employees in the current year period and an offsetting increase of $1.7 million in bonus expense. The ratio of salaries and benefits to management fees was 23% for the third quarter of 2016, compared to 18% for the third quarter of 2015.

	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Economic Income Basis						
Compensation and benefits	$ 98,604	$ 7,092	$ 105,696	$ 95,820	$ 6,524	$ 102,344
Non-compensation expenses	564,750	2,715	567,465	144,328	1,441	145,769
Total Economic Income Expenses	**$ 663,354**	**$ 9,807**	**$ 673,161**	**$ 240,148**	**$ 7,965**	**$ 248,113**

Economic Income expenses for the year-to-date period increased by $425.0 million, primarily due to the following:

- A $421.7 million increase in non-compensation expenses, driven by the $412.1 million FCPA settlements liability accrued in 2016, as well as a $9.8 million increase in professional fees primarily due to increased legal expenses relating to the investigation. The ratio of non-compensation expense, excluding the FCPA settlements liability accrual, to management fees was 39% for the first nine months of 2016, compared to 30% for the first nine months of 2015.
- A $3.4 million increase in compensation and benefit expenses driven by the following: (i) a $1.7 million increase in salaries and benefits due to a higher average number of employees in the current year period; and (ii) a $1.6 million

increase in bonus. The ratio of salaries and benefits to management fees was 22% for the first nine months of 2016, compared to 17% for the first nine months of 2015.

We expect our operating expenses to trend downward in 2017 as the result of recent reductions in our headcount, as well as lower expenses related to our cost saving initiatives and the winding down of legal expenses related to the FCPA investigation.

Other Economic Income Items (Non-GAAP)

	Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Economic Income Basis						
Net loss allocated to noncontrolling interests	$ (7)	$ —	$ (7)	$ (3)	$ —	$ (3)

	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Economic Income Basis						
Net loss allocated to noncontrolling interests	$ (12)	$ —	$ (12)	$ (10)	$ —	$ (10)

Net loss allocated to noncontrolling interests represents amounts that were reduced from Economic Income and allocated to residual interests in certain businesses not owned by us.

Economic Income (Non-GAAP)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(dollars in thousands)			
Economic Income:				
Och-Ziff Funds segment	$ 52,725	$ 106,780	$ (229,800)	$ 369,954
Other Operations	4,695	4,768	13,132	12,819
Total Company	**$ 57,420**	**$ 111,548**	**$ (216,668)**	**$ 382,773**

Economic Income for the quarter-to-date period decreased by $54.1 million, primarily due to lower management fees and incentive income, partially offset by lower non-compensation expenses.

Economic Income for the year-to-date period decreased by $599.4 million, primarily due to the $412.1 million FCPA settlements liability accrual recorded in the first nine months of 2016. In addition, lower management fees and incentive income, as well as higher operating expenses also contributed to the year-over-year decrease.

Liquidity and Capital Resources

In September 2016, we entered into the Purchase Agreement with the EMD Purchasers, including Daniel S. Och, to issue up to $400.0 million of Preferred Units. Pursuant to the agreement, in October 2016, we completed a $250.0 million issuance and sale of Preferred Units to the EMD Purchasers and expect to issue and sell to the EMD Purchasers up to an additional $150.0 million of Preferred Units in January 2017, subject to the satisfaction of certain conditions. We used the proceeds from the Preferred Units issued in October 2016, as well as cash on hand, to pay the $412.1 million of penalties and disgorgement related to the FCPA investigation settlements discussed in Note 15 to our consolidated financial statements included in this report. We expect to use the proceeds from the second sale of the Preferred Units in January 2017 for working capital and general corporate purposes. See Note 17 to our consolidated financial statements for details regarding the terms of the Preferred Units.

The working capital needs of our business have historically been met, and we anticipate will continue to be met, through cash generated from management fees and incentive income earned by the Och-Ziff Operating Group from our funds, as well as other sources of liquidity noted above and below.

Over the next 12 months, we expect that our primary liquidity needs will be to:

- Pay our operating expenses, primarily consisting of compensation and benefits, as well as any related tax withholding obligations, and non-compensation expenses.
- Pay interest on our debt obligations.
- Provide capital to facilitate the growth of our business.
- Pay income taxes.
- Make cash distributions in accordance with our distribution policy as discussed below under "—Dividends and Distributions."

In September 2016, we amended our tax receivable agreement to provide that no amounts will be due or payable under the agreement with respect to the 2015 and 2016 taxable years. See Note 15 to our consolidated financial statements for additional information.

Historically, management fees have been more than sufficient to cover all of our "fixed" operating expenses, which we define as salaries and benefits and our non-compensation costs incurred in the ordinary course of business. While we recently reduced our management fee rates for existing investors in virtually all of our multi-strategy assets under management, we continue to believe that management fees will be sufficient to cover our fixed operating expenses. See "—Weighted-Average Assets Under Management and Average Management Fee Rate" above for additional information on these management fee rate reductions.

We cannot predict the amount of incentive income, if any, which we may earn in any given year. Accordingly, we do not rely on incentive income to meet our fixed operating expenses. Total annual revenues, which are heavily influenced by the amount of annual incentive income we earn, historically have been sufficient to fund all of our other working capital needs, including annual discretionary cash bonuses. These cash bonuses, which historically have comprised our largest cash operating expense, are variable such that in any year where total annual revenues are greater or less than the prior year, cash bonuses may be adjusted accordingly. Our ability to scale our largest cash operating expense to our total annual revenues helps us manage our cash flow and liquidity position from year to year.

Executive managing directors participating in the PIP may be eligible to receive discretionary annual cash awards each year for a five-year period that commenced in 2013, if we earn incentive income in the relevant year. The maximum aggregate amount of cash that may be awarded for each year under the PIP to the participating executive managing directors, collectively, will be capped at 10% of our incentive income earned during that year, up to a maximum aggregate amount of $39.6 million. Whether any cash is awarded under the PIP in a particular year, and the amount of such awards, will be determined by the Compensation Committee of the Board in its sole discretion, based on recommendations from Mr. Och for that year.

Based on our past results, management's experience and our current level of assets under management, we believe that our existing cash resources, together with the cash generated from management fees, will be sufficient to meet our anticipated fixed operating expenses and other working capital needs for at least the next 12 months. As we have done historically, we will determine the amount of discretionary cash bonuses, including discretionary annual cash awards under the PIP described above, during the fourth quarter of each year, based on our total annual revenues. We intend to fund this amount through fourth quarter management fees and incentive income crystallized on December 31, which represents the majority of the incentive income we typically earn each year. Although we cannot predict the amount, if any, of incentive income we may earn, we are able to regularly monitor expected management fees and we believe that we will be able to adjust our expense infrastructure, including discretionary cash bonuses, as needed to meet the requirements of our business and in order to maintain positive operating cash flows. Nevertheless, if we generate insufficient cash flows from operations to meet our short-term liquidity needs, we may have to borrow funds or sell assets, subject to existing contractual arrangements.

We may use cash on hand to repay all or a portion of our Senior Notes, the Aircraft Loan and any current or future drawings under the Revolving Credit Facility prior to their respective maturity dates, which would reduce amounts available to distribute to our Class A Shareholders. For any amounts unpaid as of the maturity date, we will be required to repay the remaining balance by using cash on hand, refinancing the remaining balance by issuing new notes or entering into new credit facilities, which could result in higher borrowing costs, or by raising cash by issuing equity or other securities, which would dilute existing shareholders. No assurance can be given that we will be able to issue new notes, enter into new credit facilities or issue equity or other securities in the future on attractive terms or at all. Any new notes or new credit facilities that we may be able to issue or enter into may have covenants that impose additional limitations on us, including with respect to making distributions, entering into business transactions or other matters, and may result in increased interest expense. If we are unable to meet our debt obligations on terms that are favorable to us, our business may be adversely impacted. See "—Debt Obligations" for more information.

For our other longer-term liquidity requirements, we expect to continue to fund our fixed operating expenses through management fees and to fund discretionary cash bonuses and the repayment of our debt obligations through a combination of management fees and incentive income. We may also decide to meet these requirements by borrowing funds under our Revolving Credit Facility or by issuing additional debt, equity or other securities.

Over the long term, we believe we will be able to grow our assets under management and generate positive investment performance in our funds, which we expect will allow us to grow our management fees and incentive income in amounts sufficient to cover our long-term liquidity requirements.

To maintain maximum flexibility to meet demands and opportunities both in the short and long term, and subject to existing contractual arrangements, we may want to retain cash, issue additional equity or borrow additional funds to:

- Support the future growth in our business.
- Create new or enhance existing products and investment platforms.
- Repay borrowings.
- Pursue new investment opportunities.
- Develop new distribution channels.
- Cover potential costs incurred in connection with the legal and regulatory matters described in the notes to our consolidated financial statements included in this report.

Market conditions and other factors may make it more difficult or costly to raise or borrow additional funds. Excessive costs or other significant market barriers may limit or prevent us from maximizing our growth potential and flexibility.

Debt Obligations

Senior Notes

On November 20, 2014, we issued $400.0 million of 4.50% Senior Notes due November 20, 2019, unless earlier redeemed or repurchased. The Senior Notes were issued at a price equal to 99.417% of the aggregate principal amount and bear interest at a rate per annum of 4.50% payable semiannually in arrears. The Senior Notes are unsecured and unsubordinated obligations of the issuer, Och-Ziff Finance, and are fully and unconditionally guaranteed, jointly and severally, on an unsecured and unsubordinated basis by the Och-Ziff Operating Group entities.

Please see Note 10 to our consolidated financial statements included in this report for a description of the redemption provisions and restrictions under the Senior Notes.

Revolving Credit Facility

On November 20, 2014, we entered into the $150.0 million, five-year unsecured Revolving Credit Facility, which was subsequently amended on December 29, 2015, the proceeds of which may be used for working capital, general corporate purposes or other liquidity needs. The facility matures on November 20, 2019. The borrower under the Revolving Credit Facility is OZ Management and the facility is guaranteed by OZ Advisors I, OZ Advisors II and Och-Ziff Finance. We are able to increase the maximum amount of credit available under the facility to $225.0 million if certain conditions are satisfied. As of September 30, 2016, we had $120.0 million of outstanding borrowings under the facility.

We are subject to a fee of 0.10% to 0.25% per annum on undrawn commitments during the term of the Revolving Credit Facility. Outstanding borrowings will bear interest at a rate per annum of LIBOR plus 1.00% to 2.00%, or a base rate plus zero to 1.00%. The commitment fees and the spreads over LIBOR or the base rate are based on OZ Management's credit rating throughout the term of the facility. The interest rate on the drawn portion of the commitment as of September 30, 2016 was LIBOR plus 1.75%, and the undrawn commitment fee was 0.20%.

Please see Note 10 to our consolidated financial statements included in this report for a description of the financial covenants and restrictions under the Revolving Credit Facility.

Aircraft Loan

On February 14, 2014, we entered into the Aircraft Loan to finance installment payments towards the purchase of a new corporate aircraft that was delivered to us in February 2015. The Aircraft Loan is guaranteed by OZ Management, OZ Advisors I and OZ Advisors II. As of September 30, 2016, $47.8 million was outstanding under the Aircraft Loan.

Outstanding borrowings bear interest at a rate of 3.22% per annum, and the balance is payable in equal monthly installments of principal and interest over the term of the facility beginning on the aircraft delivery date, with a balloon payment of $30.8 million due upon maturity on February 4, 2022. There are no financial covenants associated with the Aircraft Loan. The Aircraft Loan includes other customary terms and conditions, including customary events of default and covenants.

Tax Receivable Agreement

We have made, and may in the future be required to make, payments under the tax receivable agreement that we entered into with our executive managing directors and the Ziffs. The purchase by the Och-Ziff Operating Group of Och-Ziff Operating Group A Units from our executive managing directors and the Ziffs with proceeds from the 2007 Offerings, and subsequent taxable exchanges by them of Och-Ziff Operating Group A Units for our Class A Shares on a one-for-one basis (or, at our option, a cash equivalent), resulted, and, in the case of future exchanges, are anticipated to result, in an increase in the tax basis of the assets of the Och-Ziff Operating Group that would not otherwise have been available. We anticipate that any such tax basis adjustment resulting from an exchange will be allocated principally to certain intangible assets of the Och-Ziff Operating Group, and we will derive our tax benefits principally through amortization of these intangibles over a 15-year period from the date of the 2007 Offerings or the date of any subsequent exchange. Consequently, these tax basis adjustments will increase, for tax purposes, our depreciation and amortization expenses and will therefore reduce the amount of tax that Och-Ziff Corp and any other corporate taxpaying entities that hold Och-Ziff Operating Group B Units in connection with an exchange, if any, would otherwise be required to pay in the future. Accordingly, pursuant to the tax receivable agreement, such corporate taxpaying entities (including Och-Ziff Capital Management Group LLC if it is treated as a corporate taxpayer) have agreed to pay our executive managing directors and the Ziffs 85% of the amount of cash savings, if any, in federal, state and local income taxes in the United States that these entities actually realize related to their units as a result of such increases in tax basis.

In connection with the departure of certain former executive managing directors since the 2007 Offerings, the right to receive payments under the tax receivable agreement by those former executive managing directors was contributed to the Och-Ziff Operating Group. As a result, we expect to pay to the other executive managing directors and the Ziffs approximately 78% (from 85% at the time of the 2007 Offerings) of the amount of cash savings, if any, in federal, state and local income taxes in the United States that we actually realize as a result of such increases in tax basis. To the extent that we do not realize any cash savings, we would not be required to make corresponding payments under the tax receivable agreement.

Payments under the tax receivable agreement are anticipated to increase the tax basis adjustment of intangible assets resulting from a prior exchange, with such increase being amortized over the remainder of the amortization period applicable to the original basis adjustment of such intangible assets resulting from such prior exchange. It is anticipated that this will result in increasing annual amortization deductions in the taxable years of and after such increases to the original basis adjustments, and potentially will give rise to increasing tax savings with respect to such years and correspondingly increasing payments under the tax receivable agreement.

Assuming no material changes in the relevant tax law and that we generate sufficient taxable income to realize the full tax benefit of the increased amortization resulting from the increase in tax basis of our assets, we will be obligated to make payments, except as noted otherwise, to our executive managing directors and the Ziffs as a result of the cash savings to our intermediate holding companies from the purchase of Och-Ziff Operating Group A Units from our executive managing directors and the Ziffs with proceeds from the 2007 Offerings and the exchange of Och-Ziff Operating Group A Units for Class A Shares. Future cash savings and related payments to our executive managing directors under the tax receivable agreement in respect of subsequent exchanges would be in addition to these amounts. The obligation to make payments under the tax receivable agreement is an obligation of Och-Ziff Corp, and any other corporate taxpaying entities that hold Och-Ziff Operating Group B Units, and not of the Och-Ziff Operating Group entities. We may need to incur debt to finance payments under the tax receivable agreement to the extent the entities within the Och-Ziff Operating Group do not distribute cash to our intermediate corporate tax paying entities in an amount sufficient to meet our obligations under the tax receivable agreement.

The actual increase in tax basis of the Och-Ziff Operating Group assets resulting from an exchange or from payments under the tax receivable agreement, as well as the amortization thereof and the timing and amount of payments under the tax receivable agreement, will vary based upon a number of factors, including the following:

- The amount and timing of the income of Och-Ziff Corp will impact the payments to be made under the tax receivable agreement. To the extent that Och-Ziff Corp does not have sufficient taxable income to utilize the amortization deductions available as a result of the increased tax basis in the Och-Ziff Operating Group assets, payments required under the tax receivable agreement would be reduced.
- The price of our Class A Shares at the time of any exchange will determine the actual increase in tax basis of the Och-Ziff Operating Group assets resulting from such exchange; payments under the tax receivable agreement resulting from future exchanges, if any, will be dependent in part upon such actual increase in tax basis.
- The composition of the Och-Ziff Operating Group's assets at the time of any exchange will determine the extent to which Och-Ziff Corp may benefit from amortizing its increased tax basis in such assets and thus will impact the amount of future payments under the tax receivable agreement resulting from any future exchanges.
- The extent to which future exchanges are taxable will impact the extent to which Och-Ziff Corp will receive an increase in tax basis of the Och-Ziff Operating Group assets as a result of such exchanges, and thus will impact the benefit derived by Och-Ziff Corp and the resulting payments, if any, to be made under the tax receivable agreement.
- The tax rates in effect at the time any potential tax savings are realized, which would affect the amount of any future payments under the tax receivable agreement.

Depending upon the outcome of these factors, payments that we may be obligated to make to our executive managing directors and the Ziffs under the tax receivable agreement in respect of exchanges could be substantial. In light of the numerous factors affecting our obligation to make payments under the tax receivable agreement, the timing and amounts of any such actual payments are not reasonably ascertainable.

In September 2016, we amended the tax receivable agreement to provide that no amounts will be due or payable under the agreement with respect to the 2015 and 2016 taxable years. As a result, we released approximately $91.0 million of previously accrued tax receivable agreement liability.

Dividends and Distributions

We intend to distribute to our Class A Shareholders substantially all of their pro rata share of our annual Economic Income (as described above under "—Economic Income Analysis") in excess of amounts determined by us to be necessary or appropriate to provide for the conduct of our business, to pay income taxes, to pay any amounts owed under the tax receivable agreement, to make appropriate investments in our business and our funds, to make payments on any of our other obligations, to fund the repurchase of Class A Shares or interests in the Och-Ziff Operating Group, as well as to fund distributions on the Preferred Units starting in 2020.

Pursuant to the terms of the Preferred Units, distributions will be payable on the liquidation preference amount on a cumulative basis at an initial distribution rate of 0% per annum until February 19, 2020 (the "Step Up Date"), after which the distribution rate will increase in stages thereafter to a maximum of 10% per annum on and after the eighth anniversary of the Step Up Date. Subject to certain exceptions, unless distributions on the Preferred Units are declared and paid in cash for the then current distribution period and all preceding periods after the initial closing of the Preferred Units, the Operating Group Entities may not declare or pay distributions on or repurchase any of their equity securities that rank equal with or junior to the Preferred Units.

When we pay dividends on our Class A Shares, we also intend to make distributions to our executive managing directors on their interests in the Och-Ziff Operating Group, subject to the terms of the limited partnership agreements of the Och-Ziff Operating Group entities.

The declaration and payment of future distributions will be at the sole discretion of our Board of Directors, which may change our distribution policy or reduce or eliminate our distributions at any time in its discretion. Our Board of Directors will take into account such factors as it may deem relevant, including general economic and business conditions; our strategic plans and prospects; our business and investment opportunities; our financial condition and operating results; working capital requirements and anticipated cash needs; contractual restrictions and obligations, including payment obligations pursuant to the tax receivable agreement and restrictions pursuant to our term loan; legal, tax and regulatory restrictions; other restrictions and limitations on the payment of distributions by us to our Class A Shareholders or by our subsidiaries to us; and such other factors as our Board of Directors may deem relevant.

The declaration and payment of any distribution may be subject to legal, contractual or other restrictions. For example, as a Delaware limited liability company, Och-Ziff Capital Management Group LLC is not permitted to make distributions if and to the extent that after giving effect to such distributions, its liabilities would exceed the fair value of its assets. Our cash needs and payment obligations may fluctuate significantly from quarter to quarter, and we may have material unexpected expenses in any period. This may cause amounts available for distribution to significantly fluctuate from quarter to quarter or may reduce or eliminate such amounts.

Additionally, RSUs outstanding accrue dividend equivalents equal to the dividend amounts paid on our Class A Shares. To date, these dividend equivalents have been awarded in the form of additional RSUs, which accrue additional dividend equivalents. The dividend equivalents will only be paid if the related RSUs vest and will be settled at the same time as the underlying RSUs. Our Board of Directors has the right to determine whether the RSUs and any related dividend equivalents will be settled in Class A Shares or in cash. We currently withhold shares to satisfy the tax withholding obligations related to vested RSUs and dividend equivalents held by our employees, which results in the use of cash from operations or borrowings to satisfy these tax-withholding payments.

In accordance with the Och-Ziff Operating Group entities' limited partnership agreements, we may cause the applicable Och-Ziff Operating Group entities to distribute cash to the intermediate holding companies and our executive managing directors in an amount at least equal to the presumed maximum tax liabilities arising from their direct ownership in these entities. The presumed maximum tax liabilities are based upon the presumed maximum income allocable to any such unit holder at the maximum combined U.S. federal, New York State and New York City tax rates. Holders of our Class A Shares may not always receive distributions at a time when our intermediate holding companies and our executive managing directors are receiving distributions on their interests, as distributions to our intermediate holding companies may be used to settle tax liabilities, if any, or other obligations. Such tax distributions will take into account the disproportionate income allocation (but not a disproportionate cash allocation) to the unit holders with respect to "built-in gain assets," if any, at the time of the 2007

Offerings. Consequently, Och-Ziff Operating Group tax distributions may be greater than if such assets had a tax basis equal to their value at the time of the 2007 Offerings.

Our cash distribution policy has certain risks and limitations, particularly with respect to our liquidity. Although we expect to pay distributions according to our policy, we may not make distributions according to our policy, or at all, if, among other things, we do not have the cash necessary to pay the distribution. Moreover, if the Och-Ziff Operating Group's cash flows from operations are insufficient to enable it to make required minimum tax distributions discussed above, the Och-Ziff Operating Group may have to borrow funds or sell assets, and thus our liquidity and financial condition could be materially adversely affected. Furthermore, by paying cash distributions rather than investing that cash in our businesses, we might risk slowing the pace of our growth, or not having a sufficient amount of cash to fund our obligations, operations, new investments or unanticipated capital expenditures, should the need arise. In such event, we may not be able to execute our business and growth strategy to the extent intended.

Our Funds' Liquidity and Capital Resources

Our funds have access to liquidity from our prime brokers and other counterparties. Additionally, our funds may have committed facilities in addition to regular financing from our counterparties. These sources of liquidity provide our funds with additional financing resources, allowing them to take advantage of opportunities in the global marketplace.

Our funds' current liquidity position could be adversely impacted by any substantial, unanticipated investor redemptions from our funds that are made within a short time period. As discussed above in "—Assets Under Management and Fund Performance," capital contributions from investors in our multi-strategy and open-end opportunistic credit funds generally are subject to initial lock-up periods of one to three years. Following the expiration of these lock-up periods, subject to certain limitations, investors may redeem capital generally on a quarterly or annual basis upon giving 30 to 90 days' prior written notice. These lock-ups and redemption notice periods help us to manage our liquidity position. However, upon the payment of a redemption fee to the applicable fund and upon giving 30 days' prior written notice, certain investors may redeem capital during the lock-up period. Investors in our other funds are generally not allowed to redeem until the end of the life of the fund.

We also follow a rigorous risk management process and regularly monitor the liquidity of our funds' portfolios in relation to economic and market factors and the timing of potential investor redemptions. As a result of this process, we may determine to reduce exposure or increase the liquidity of our funds' portfolios at any time, whether in response to global economic and market conditions, redemption requests or otherwise. For these reasons, we believe we will be well prepared to address market conditions and redemption requests, as well as any other events, with limited impact on our funds' liquidity position. Nevertheless, significant redemptions made during a single quarter could adversely affect our funds' liquidity position, as we may meet redemptions by using our funds' available cash or selling assets (possibly at a loss). Such actions would result in lower assets under management, which would reduce the amount of management fees and incentive income we may earn. Our funds could also meet redemption requests by increasing leverage, provided we are able to obtain financing on reasonable terms, if at all. We believe our funds have sufficient liquidity to meet any anticipated redemptions for the foreseeable future.

Cash Flows Analysis

Operating Activities. Net cash from operating activities for the nine months ended September 30, 2016 and 2015 was $89.2 million and $412.2 million, respectively. Our net cash flows from operating activities are generally comprised of current-year management fees, the collection of incentive income earned during the fourth quarter of the previous year, less cash operating expenses. Additionally, net cash from operating activities also includes the investment activities of the funds we consolidate. These investment-related cash flows are of the consolidated funds and do not directly impact the cash flows related to our Class A Shareholders.

The decrease in net cash from operating activities was primarily due to lower earnings in the first nine months of 2016 compared to the first nine months of 2015, as well as lower incentive income earned in 2015 compared to 2014, partially offset by lower discretionary bonuses in 2015 compared to 2014. The majority of our incentive income is generally collected and the related bonus payments are paid out during the first quarter of the following year. Partially offsetting these decreases were lower cash outflows in 2016 related to the investment activities of the consolidated funds, which was the result of the deconsolidation of the majority of our funds upon the adoption of ASU 2015-02 on January 1, 2016.

In October 2016, we paid $412.1 million of penalties and disgorgement related to the FCPA settlements with the SEC and the DOJ. The payments were made using proceeds from the sale of Preferred Units, as well as cash on hand. For additional information on Preferred Units, see Note 17 to our consolidated financial statements included in this report.

Investing Activities. Net cash used in investing activities for the nine months ended September 30, 2016 and 2015 was $30.2 million and $38.6 million, respectively. Investing cash flows in 2016 primarily related to the purchases and maturities of U.S. government obligations to manage excess liquidity. Investing cash flows in 2015 primarily related to leasehold improvements in our New York headquarters. Investment-related cash flows of the consolidated Och-Ziff funds are classified within operating activities.

Financing Activities. Net cash from financing activities for the nine months ended September 30, 2016 and 2015 was $117.4 million and $(312.9) million, respectively. Our net cash from financing activities are generally comprised of dividends paid to our Class A Shareholders and borrowings and repayments related to our debt obligations. Contributions from noncontrolling interests, which relate to fund investor contributions into the consolidated funds, and distributions to noncontrolling interests, which relate to fund investor redemptions and distributions to our executive managing directors on their Och-Ziff Operating Group A Units, are also included in net cash from financing activities.

On April 29, 2016, we borrowed $120.0 million pursuant to our Revolving Credit Facility.

We paid dividends to our Class A Shareholders of $146.3 million and paid distributions to our executive managing directors on the Och-Ziff Operating Group A Units of $304.9 million for the nine months ended September 30, 2015. We did not pay any dividends or distributions on our Class A Shares or Och-Ziff Operating Group A Units in the first nine months of 2016.

In October 2016, we sold $250.0 million of Preferred Units to certain executive managing directors. We expect to sell up to an additional $150.0 million of Preferred Units in January 2017. See Note 17 to our consolidated financial statements included in this report for additional information.

Contractual Obligations

The following are the only material changes to the contractual obligations as presented in our Annual Report:

- During the second quarter of 2016, we borrowed $120.0 million pursuant to our Revolving Credit Facility, as discussed above.
- In September 2016, we amended the tax receivable agreement to provide that no amounts will be due or payable under the agreement with respect to the 2015 and 2016 taxable years. As a result, we released approximately $91.0 million of previously accrued tax receivable agreement liability.
- Notes and loans payable of consolidated CLOs are no longer on our balance sheet as a result of the deconsolidation of the majority of our funds upon the adoption of ASU 2015-02 on January 1, 2016, as discussed in Note 3 to our consolidated financial statements included in this report.

Off-Balance Sheet Arrangements

As of September 30, 2016, we did not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Critical accounting policies are those that require us to make significant judgments, estimates or assumptions that affect amounts reported in our financial statements or the notes thereto. We base our judgments, estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable and prudent. Actual results may differ materially from these estimates. See Note 2 to our consolidated financial statements included in our Annual Report for a description of our accounting policies. Set forth below is a summary of what we believe to be our most critical accounting policies and estimates.

Fair Value of Investments

The valuation of investments held by our funds is the most critical estimate made by management impacting our results. Pursuant to specialized accounting for investment companies under GAAP, investments held by the Och-Ziff funds are carried at their estimated fair values. The valuation of investments held by our funds has a significant impact on our results, as our management fees and incentive income are generally determined based on the fair value of these investments.

GAAP prioritizes the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is impacted by a number of factors, including the type of assets and liabilities and the specific characteristics of the assets and liabilities. Assets and liabilities with readily available, actively quoted prices (Level I) or for which fair value can be measured from actively quoted prices (Level II) generally will have a higher degree of market price observability and lesser degree of judgment used in measuring fair value than those measured using pricing inputs that are unobservable in the market (Level III). See Note 5 to our consolidated financial statements included in this report for additional information regarding fair value measurements.

As of September 30, 2016, the absolute values of our funds' invested assets and liabilities (excluding the notes and loans payable of our CLOs) were classified within the fair value hierarchy as follows: approximately 48% within Level I; approximately 30% within Level II; and approximately 22% within Level III. As of December 31, 2015, the absolute values of our funds' invested assets and liabilities (excluding the notes and loans payable of our CLOs) were classified within the fair value hierarchy as follows: approximately 48% within Level I; approximately 27% within Level II; and approximately 25% within Level III. The percentage of our funds' assets and liabilities within the fair value hierarchy will fluctuate based on the investments made at any given time and such fluctuations could be significant. A portion of our funds' Level III assets relate to Special Investments or other investments on which we do not earn any incentive income until such investments are sold or otherwise realized. Upon the sale or realization event of these assets, any realized profits are included in the calculation of incentive income for such year. Accordingly, the estimated fair value of our funds' Level III assets may not have any relation to the amount of incentive income actually earned with respect to such assets.

Valuation of Investments. Fair value represents the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants as of the measurement date. The fair value of our funds' investments is based on observable market prices when available. Such values are generally based on the last sales price. We, as the investment manager of the Och-Ziff funds, determine the fair value of investments that are not actively traded on a recognized securities exchange or otherwise lack a readily ascertainable market value. The methods and procedures to value these investments may include, but are not limited to: (i) performing comparisons with prices of comparable or similar securities; (ii) obtaining valuation-related information from the issuers; (iii) calculating the present value of future cash flows; (iv) assessing other analytical data and information relating to the investment that is an indication of value; (v) obtaining information provided by third parties; and (vi) evaluating financial information provided by the management of these investments. See Note 5 to our consolidated financial statements included in this report for additional information.

Significant judgment and estimation goes into the assumptions that drive our valuation methodologies and procedures for assets that are not actively traded on a recognized securities exchange or otherwise lack a readily ascertainable market value. The actual amounts ultimately realized could differ materially from the values estimated based on the use of these methodologies. Realizations at values significantly lower than the values at which investments have been reflected could result in losses at the fund level and a decline in future management fees and incentive income. Such situations may also negatively impact fund investor perception of our valuation policies and procedures, which could result in redemptions and difficulties in raising additional capital.

We have established an internal control infrastructure over the valuation of financial instruments that includes ongoing oversight by our Financial Controls Group and Valuation Committee, as well as periodic audits by our Internal Audit Group. These management control functions are segregated from the trading and investing functions. See Note 5 to our consolidated financial statements included in this report for additional information regarding our valuation procedures and related oversight and controls.

Impact of Fair Value Measurement on Our Results. A 10% change in the estimate of fair value of the investments held by our funds would generally have a 10% change in management fees in the period subsequent to the change in fair value, as management fees are charged based on the assets under management at the beginning of the period. For our real estate funds and certain other funds, there would be no impact as management fees are generally charged based on committed capital during the original investment period and invested capital thereafter. The impact of a 10% change in unrealized gains and losses of the investments held by our funds would generally have an immediate 10% impact on the amount of profit on which we earn our 20% incentive income if the change continues at the end of the commitment period, at which time incentive income is recognized, and assuming no hurdle rates and no high-water marks from any prior-year losses. For certain opportunistic credit, real estate and certain other funds, there would be no impact, as incentive income is recognized based on realized profits and when no longer subject to clawback.

For additional information regarding the impact that the fair value measurement of assets under management has on our results, please see "Part I—Item 3. Quantitative and Qualitative Disclosures about Market Risk."

Variable Interest Entities

The determination of whether or not to consolidate a variable interest entity under GAAP requires a significant amount of judgment concerning the degree of control over an entity by its holders of variable interests. To make these judgments, management has conducted an analysis, on a case-by-case basis, of the relationship of the holders of variable interests to each other, the design of the entity, the expected operations of the entity, which holder of variable interests within a related party group is most "closely associated" to the entity and which holder of variable interests is the primary beneficiary required to consolidate the entity. Upon the occurrence of certain events, such as redemptions by unaffiliated investors in any fund or modifications to fund organizational documents and investment management agreements, management reviews and reconsiders its previous conclusion regarding the status of an entity as a variable interest entity. Additionally, management continually reconsiders whether we should consolidate a variable interest entity.

Income Taxes

We use the asset and liability method of accounting for deferred income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established when management believes it is more likely than not that a deferred income tax asset will not be realized.

Substantially all of our deferred income tax assets relate to the goodwill and other intangible assets deductible for tax purposes by Och-Ziff Corp that arose in connection with the purchase of Och-Ziff Operating Group A Units from our executive managing directors and the Ziffs with proceeds from the 2007 Offerings, subsequent exchanges of Och-Ziff Operating Group A Units for Class A Shares and subsequent payments to our executive managing directors and the Ziffs made under the tax receivable agreement, in addition to any related net operating loss carryforward. In accordance with relevant provisions of the Internal Revenue Code, we expect to take these goodwill and other intangible deductions over the 15-year period following the 2007 Offerings, as well as an additional 20-year loss carryforward period available to us in any year a net operating loss is generated as a result. Our analysis of whether we expect to have sufficient future taxable income to realize these deductions is based solely on estimates over this period.

Och-Ziff Corp generated taxable income of $74.9 million for the nine months ended September 30, 2016, before taking into account deductions related to the amortization of the goodwill and other intangible assets. We determined that we would need to generate taxable income of at least $1.6 billion over the remaining seven-year weighted-average amortization period, as well as an additional 20-year loss carryforward period available to us if a net operating loss is generated, in order to fully realize the deferred income tax assets. Using the estimates and assumptions discussed below, we expect to generate sufficient taxable income over the remaining amortization and loss carryforward periods available to us in order to fully realize these deferred income tax assets.

To generate $1.6 billion in taxable income over the remaining amortization and loss carryforward periods available to us, we estimated that, based on assets under management of $36.9 billion as of October 1, 2016, we would need to generate a minimum compound annual growth rate in assets under management of less than 1% over the period for which the taxable income estimate relates to fully realize the deferred income tax assets, assuming no performance-related growth, and therefore no incentive income. The assumed nature and amount of this estimated growth rate are not based on historical results or current expectations of future growth; however, the other assumptions underlying the taxable income estimate, such as general maintenance of current expense ratios and cost allocation percentages among the Och-Ziff Operating Group entities, which impact the amount of taxable income flowing through our legal structure, are based on our near-term operating budget. If our actual growth rate in assets under management falls below this minimum threshold for any extended time during the period for which these estimates relate and we do not otherwise experience offsetting growth rates in other periods, we may not generate taxable income sufficient to realize the deferred income tax assets and may need to record a valuation allowance.

Management regularly reviews the model used to generate the estimates, including the underlying assumptions. If it determines that a valuation allowance is required for any reason, the amount would be determined based on the relevant circumstances at that time. To the extent we record a valuation allowance against our deferred income tax assets related to the goodwill and other intangible assets, we would record a corresponding decrease in the liability to our executive managing directors and the Ziffs under the tax receivable agreement equal to approximately 78% of such amount; therefore, our net income allocated to Class A Shareholders would only be impacted by 22% of any valuation allowance recorded against the deferred income tax assets.

Actual taxable income may differ from the estimate described above, which was prepared solely for determining whether we currently expect to have sufficient future taxable income to realize the deferred income tax assets. Furthermore, actual or estimated future taxable income may be materially impacted by significant changes in assets under management, whether as a result of fund investment performance or fund investor contributions or redemptions, significant changes to the assumptions underlying our estimates, future changes in income tax law, state income tax apportionment or other factors.

As of September 30, 2016, we had $143.7 million of net operating losses available to offset future taxable income for federal income tax purposes that will expire between 2030 and 2036, and $101.9 million of net operating losses available to offset future taxable income for state income tax purposes and $93.9 million for local income tax purposes that will expire between 2035 and 2036. Based on the analysis set forth above, as of September 30, 2016, we have determined that it is not necessary to record a valuation allowance with respect to our deferred income tax assets related to the goodwill and other intangible assets deductible for tax purposes, and any related net operating loss carryforward. However, we have determined that we may not realize certain foreign income tax credits. Accordingly, a valuation allowance of $7.8 million has been established for these credits.

Impact of Recently Adopted Accounting Pronouncements on Recent and Future Trends

Accounting Standards Updates ("ASU") 2015-02, Amendments to the Consolidation Analysis. ASU 2015-02 significantly changed the consolidation analysis required under GAAP, and resulted in the deconsolidation of the majority of the previously consolidated Och-Ziff funds, including all of the CLOs. The deconsolidation of the majority of the previously consolidated funds resulted in a substantial decrease in assets of consolidated Och-Ziff funds, liabilities of consolidated Och-Ziff funds, redeemable noncontrolling interests, appropriated retained deficit and shareholders' equity attributable to noncontrolling interests in our consolidated balance sheet. Additionally, the deconsolidation has caused a significant decrease in the amount of income of consolidated Och-Ziff funds, expenses of consolidated Och-Ziff funds, and net gains (losses) of consolidated Och-Ziff funds in our consolidated statement of comprehensive income (loss). Management fees and incentive income from the previously consolidated funds are also no longer eliminated in consolidation.

The net impact to our results is that incentive income from the previously consolidated funds will now be recognized when such amounts are no longer subject to clawback. Prior to deconsolidation, incentive income from these previously consolidated funds was recognized by allocating a portion of the net income of these funds to us rather than to the fund investors (noncontrolling interests) based on the contractual terms of the relevant fund agreements. This resulted in incentive income being recognized that was subject to clawback in the event of future losses in the respective funds.

The adoption of ASU 2015-02 did not have any effect on Economic Income. See Notes 2 and 3 to our consolidated financial statements included in this report for additional information.

None of the other changes to GAAP that went into effect during the nine months ended September 30, 2016 are expected to have an impact on our future trends.

Expected Impact of Future Adoption of New Accounting Pronouncements on Future Trends

The Financial Accounting Standards Board (the "FASB") has issued various ASUs that could have an impact on our future trends. For additional details regarding these ASUs, including allowable methods of adoption (e.g., full retrospective or modified retrospective), see Note 2 to our consolidated financial statements included in this report. Below is a summary of ASUs that may have an impact on our future trends upon adoption.

ASU 2014-09, Revenue from Contracts with Customers. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605—*Revenue Recognition* and most industry-specific guidance throughout the Codification. The requirements of ASU 2014-09 were initially effective for us beginning in the first quarter of 2017; however, the FASB in April 2015 approved a deferral of the effective date to the first quarter of 2018. We are currently evaluating the impact that this update will have on our future trends.

ASU 2016-02, Leases. ASU 2016-02 significantly changes accounting for lease arrangements, in particular from the perspective of the lessee. Upon adoption of the ASU, where we are the lessee, we will likely be required to recognize certain lease arrangements on our balance sheet for the first time, but will continue to recognize associated expenses on our statement of comprehensive income in a manner similar to existing accounting principles. The requirements of ASU 2016-02 are effective for us beginning in the first quarter of 2019. We are currently evaluating the impact that this update will have on our future trends.

ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. ASU 2016-09 will change how companies account for certain aspects of share-based payments to employees. The requirements of ASU 2016-09 are effective for us beginning in the first quarter of 2017 with early adoption permitted. We are currently evaluating the impact that this update will have on our future trends.

The other changes to GAAP that have been issued but that have not yet been adopted are not expected to have an impact on our future trends.

Economic Income Reconciliations

The tables below present the reconciliations of Economic Income and its components to the respective GAAP measures for the periods presented in this MD&A.

Economic Income

	Three Months Ended September 30, 2016		
	Och-Ziff Funds Segment	Other Operations	Total Company
		(dollars in thousands)	
Net income allocated to Class A Shareholders—GAAP	$ 13,160	$ 1,125	$ 14,285
Net income allocated to the Och-Ziff Operating Group A Units	16,313	—	16,313
Equity-based compensation, net of RSUs settled in cash	17,709	589	18,298
Income taxes	9,887	99	9,986
Allocations to Och-Ziff Operating Group D Units	950	—	950
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	—	2,741	2,741
Changes in tax receivable agreement liability	(11,819)	—	(11,819)
Depreciation, amortization and loss on asset held for sale	7,776	189	7,965
Other adjustments	(1,251)	(48)	(1,299)
Economic Income—Non-GAAP	**$ 52,725**	**$ 4,695**	**$ 57,420**

	Three Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)		
Net income allocated to Class A Shareholders—GAAP	$ 12,640	$ 4,777	$ 17,417
Net income allocated to the Och-Ziff Operating Group A Units	43,505	—	43,505
Equity-based compensation, net of RSUs settled in cash	26,983	564	27,547
Income taxes	12,422	—	12,422
Adjustment for incentive income allocations from consolidated funds subject to clawback	642	(4,026)	(3,384)
Allocations to Och-Ziff Operating Group D Units	3,109	138	3,247
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	—	3,813	3,813
Reorganization expenses	4,018	—	4,018
Changes in tax receivable agreement liability	533	—	533
Depreciation, amortization and loss on asset held for sale	2,797	189	2,986
Other adjustments	131	(687)	(556)
Economic Income—Non-GAAP	**$ 106,780**	**$ 4,768**	**$ 111,548**

	Nine Months Ended September 30, 2016		
	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)		
Net (loss) income allocated to Class A Shareholders—GAAP	$ (138,649)	$ 5,007	$ (133,642)
Net (loss) income allocated to the Och-Ziff Operating Group A Units	(187,338)	—	(187,338)
Equity-based compensation, net of RSUs settled in cash	54,364	1,947	56,311
Income taxes	39,337	99	39,436
Allocations to Och-Ziff Operating Group D Units	2,850	—	2,850
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	—	5,430	5,430
Changes in tax receivable agreement liability	(11,990)	—	(11,990)
Depreciation, amortization and loss on asset held for sale	14,385	562	14,947
Other adjustments	(2,759)	87	(2,672)
Economic Income—Non-GAAP	**$ (229,800)**	**$ 13,132**	**$ (216,668)**

	Nine Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)		
Net income allocated to Class A Shareholders—GAAP	$ 4,774	$ 43,274	$ 48,048
Net income allocated to the Och-Ziff Operating Group A Units	175,239	—	175,239
Equity-based compensation, net of RSUs settled in cash	84,257	2,333	86,590
Income taxes	119,607	—	119,607
Adjustment for incentive income allocations from consolidated funds subject to clawback	(184)	(40,478)	(40,662)
Allocations to Och-Ziff Operating Group D Units	13,995	701	14,696
Adjustment for expenses related to compensation and profit-sharing arrangements based on fund investment performance	—	7,407	7,407
Reorganization expenses	12,052	—	12,052
Changes in tax receivable agreement liability	(47,893)	—	(47,893)
Depreciation, amortization and loss on asset held for sale	7,575	560	8,135
Other adjustments	532	(978)	(446)
Economic Income—Non-GAAP	**$ 369,954**	**$ 12,819**	**$ 382,773**

Economic Income Revenues

	Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Management fees—GAAP	$ 123,329	$ 5,184	$ 128,513	$ 157,421	$ 5,357	$ 162,778
Adjustment to management fees(1)	(8,808)	—	(8,808)	(75)	—	(75)
Management Fees—Economic Income Basis—Non-GAAP	**114,521**	**5,184**	**119,705**	**157,346**	**5,357**	**162,703**
Incentive income—GAAP	16,202	2,552	18,754	35,615	—	35,615
Adjustment to incentive income(2)	—	—	—	1,292	2,046	3,338
Incentive Income—Economic Income Basis—Non-GAAP	**16,202**	**2,552**	**18,754**	**36,907**	**2,046**	**38,953**
Other revenues	378	2	380	572	7	579
Total Revenues—Economic Income Basis—Non-GAAP	**$ 131,101**	**$ 7,738**	**$ 138,839**	**$ 194,825**	**$ 7,410**	**$ 202,235**

	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
			(dollars in thousands)			
Management fees—GAAP	$ 413,266	$ 15,556	$ 428,822	$ 481,249	$ 14,958	$ 496,207
Adjustment to management fees(1)	(31,362)	—	(31,362)	(2,652)	—	(2,652)
Management Fees—Economic Income Basis—Non-GAAP	**381,904**	**15,556**	**397,460**	**478,597**	**14,958**	**493,555**
Incentive income—GAAP	50,105	7,372	57,477	121,262	—	121,262
Adjustment to incentive income(2)	—	—	—	8,710	5,801	14,511
Incentive Income—Economic Income Basis—Non-GAAP	**50,105**	**7,372**	**57,477**	**129,972**	**5,801**	**135,773**
Other revenues	1,533	11	1,544	1,523	25	1,548
Total Revenues—Economic Income Basis—Non-GAAP	**$ 433,542**	**$ 22,939**	**$ 456,481**	**$ 610,092**	**$ 20,784**	**$ 630,876**

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(1) Adjustment to present management fees net of recurring placement and related service fees, as management considers these fees a reduction in management fees, not an expense. The impact of eliminations related to the consolidated Och-Ziff funds is also removed.

(2) Adjustment to exclude the impact of eliminations related to the consolidated Och-Ziff funds.

Economic Income Expenses

	Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
			(dollars in thousands)			
Compensation and benefits—GAAP	$ 51,990	$ 5,768	$ 57,758	$ 63,912	$ 6,690	$ 70,602
Adjustment to compensation and benefits(1)	(18,484)	(3,330)	(21,814)	(30,163)	(4,514)	(34,677)
Compensation and Benefits—Economic Income Basis—Non-GAAP	**$ 33,506**	**$ 2,438**	**$ 35,944**	**$ 33,749**	**$ 2,176**	**$ 35,925**
Interest expense and general, administrative and other expenses—GAAP	$ 49,641	$ 794	$ 50,435	$ 70,212	$ 655	$ 70,867
Adjustment to interest expense and general, administrative and other expenses(2)	(4,764)	(189)	(4,953)	(15,913)	(189)	(16,102)
Non-Compensation Expenses—Economic Income Basis—Non-GAAP	**$ 44,877**	**$ 605**	**$ 45,482**	**$ 54,299**	**$ 466**	**$ 54,765**

	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Compensation and benefits—GAAP	$ 155,293	$ 14,469	$ 169,762	$ 194,931	$ 16,964	$ 211,895
Adjustment to compensation and benefits(1)	(56,689)	(7,377)	(64,066)	(99,111)	(10,440)	(109,551)
Compensation and Benefits—Economic Income Basis—Non-GAAP	**$ 98,604**	**$ 7,092**	**$ 105,696**	**$ 95,820**	**$ 6,524**	**$ 102,344**
Interest expense and general, administrative and other expenses—GAAP	$ 598,506	$ 3,277	$ 601,783	$ 141,363	$ 2,002	$ 143,365
Adjustment to interest expense and general, administrative and other expenses(2)	(33,756)	(562)	(34,318)	2,965	(561)	2,404
Non-Compensation Expenses—Economic Income Basis—Non-GAAP	**$ 564,750**	**$ 2,715**	**$ 567,465**	**$ 144,328**	**$ 1,441**	**$ 145,769**

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(1) Adjustment to exclude equity-based compensation, as management does not consider these non-cash expenses to be reflective of our operating performance. However, the fair value of RSUs that are settled in cash to employees or executive managing directors is included as an expense at the time of settlement. Further, expenses related to compensation and profit-sharing arrangements based on fund investment performance are recognized at the end of the relevant commitment period, as management reviews the total compensation expense related to these arrangements in relation to any incentive income earned by the relevant fund. Distributions to the Och-Ziff Operating Group D Units are also excluded, as management reviews operating performance at the Och-Ziff Operating Group level, where our operations are performed, prior to making any income allocations.

(2) Adjustment to exclude depreciation, amortization and changes in the tax receivable agreement liability, as management does not consider these items to be reflective of our operating performance. Additionally, recurring placement and related service fees are excluded, as management considers these fees a reduction in management fees, not an expense.

Other Economic Income Items

	Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Net income allocated to noncontrolling interests—GAAP	$ 16,454	$ 116	$ 16,570	$ 45,962	$ 33,009	$ 78,971
Adjustment to net income allocated to noncontrolling interests(1)	(16,461)	(116)	(16,577)	(45,965)	(33,009)	(78,974)
Net Loss Allocated to Noncontrolling Interests—Economic Income Basis—Non-GAAP	**$ (7)**	**$ —**	**$ (7)**	**$ (3)**	**$ —**	**$ (3)**

	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
	Och-Ziff Funds Segment	Other Operations	Total Company	Och-Ziff Funds Segment	Other Operations	Total Company
	(dollars in thousands)					
Net (loss) income allocated to noncontrolling interests—GAAP	$ (187,213)	$ 346	$ (186,867)	$ 194,563	$ 75,783	$ 270,346
Adjustment to net (loss) income allocated to noncontrolling interests(1)	187,201	(346)	186,855	(194,573)	(75,783)	(270,356)
Net Loss Allocated to Noncontrolling Interests—Economic Income Basis—Non-GAAP	**$ (12)**	**$ —**	**$ (12)**	**$ (10)**	**$ —**	**$ (10)**

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(1) Adjustment to exclude amounts allocated to our executive managing directors on their interests in the Och-Ziff Operating Group, as management reviews operating performance at the Och-Ziff Operating Group level. We conduct substantially all of our activities through the Och-Ziff Operating Group. Additionally, the impact of the consolidated Och-Ziff funds, including the allocation of earnings to investors in those funds, is also removed.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our predominant exposure to market risk is related to our role as general partner or investment manager for the Och-Ziff funds, and the sensitivities to movements in the fair value of their investments that may adversely affect our management fees and incentive income.

Fair value of the financial assets and liabilities of the Och-Ziff funds may fluctuate in response to changes in the value of investments, foreign currency exchange rates, commodity prices and interest rates. The fair value changes in the assets and liabilities of the Och-Ziff funds affect the management fees and incentive income we may earn from the funds.

With regards to the consolidated Och-Ziff funds, the net effect of these fair value changes primarily impacts the net gains of consolidated Och-Ziff funds in our consolidated statements of comprehensive income (loss); however, a large portion of these fair value changes are absorbed by the investors of these funds (noncontrolling interests). We may also be entitled to a portion of these earnings through our incentive income allocation as general partner of these funds.

Impact on Management Fees

Management fees for our multi-strategy and opportunistic credit funds are generally based on the net asset value of those funds. Accordingly, management fees will generally change in proportion to changes in the fair value of investments held by these funds. Management fees for our real estate funds and certain other funds are generally based on committed capital during the original investment period and invested capital thereafter; therefore, management fees are not impacted by changes in the fair value of investments held by those funds.

Impact on Incentive Income

Incentive income for our funds is generally based on a percentage of profits generated by our funds over a commitment period, which is impacted by global market conditions and other factors. Major factors that influence the degree of impact include how the investments held by our funds are impacted by changes in the market and the extent to which any high-water marks impact our ability to earn incentive income. Consequently, incentive income cannot be readily predicted or estimated.

Market Risk

The amount of our assets under management is generally based on the net asset value of multi-strategy and opportunistic credit funds (plus unfunded commitments for certain closed-end opportunistic credit funds), and committed or invested capital for our real estate funds and certain other funds. A 10% change in the fair value of the net assets held by our funds as of September 30, 2016 and December 31, 2015, would have resulted in a change of approximately $2.8 billion and $3.5 billion, respectively, in our assets under management.

A 10% change in the fair value of the net assets held by our funds as of October 1, 2016 (the date management fees are calculated for the fourth quarter of 2016) would impact management fees charged on that day by approximately $8.1 million. A 10% change in the fair value of the net assets held by our funds as of January 1, 2016, would have impacted management fees charged on that day by approximately $11.4 million.

A 10% change in the fair value of the net assets held by our funds as of the end of any year (excluding unrealized gains and losses in Special Investments or other investments on which we do not earn any incentive income until such investments are sold or otherwise realized), could significantly affect our incentive income, as incentive income is generally based on a percentage of annual profits generated by our funds. We do not earn incentive income on unrealized gains attributable to Special Investments and certain other investments, and therefore a change in the fair value of those investments would have no effect on incentive income.

Exchange Rate Risk

Our funds hold investments denominated in non-U.S. dollar currencies, which may be affected by movements in the rate of exchange between the U.S. dollar and foreign currencies. We estimate that as of September 30, 2016 and December 31, 2015, a 10% weakening or strengthening of the U.S. dollar against all or any combination of currencies to which our funds have exposure to exchange rates would not have a material effect on our revenues, net income allocated to Class A Shareholders or Economic Income.

Interest Rate Risk

Our Senior Notes and Aircraft Loan are fixed-rate borrowings. Our borrowings under the Revolving Credit Facility bear interest at rates indexed to LIBOR. As of September 30, 2016, we had $120.0 million outstanding under the Revolving Credit Facility. We estimate that as of September 30, 2016 and December 31, 2015, a 10% increase or decrease in LIBOR would have no material effect on our annual interest expense, net income allocated to Class A Shareholders or Economic Income.

Our funds have financing arrangements and hold credit instruments that accrue interest at variable rates. Interest rate changes may therefore impact the amount of interest payments, future earnings and cash flows. In the event LIBOR, and rates directly or indirectly indexed to LIBOR, were to increase by 10% over LIBOR as of September 30, 2016 and December 31, 2015, based on our funds' debt investments and obligations as of such date, we estimate that the net effect on our revenues, net income allocated to Class A Shareholders or Economic Income would not have been material. A tightening of credit and an increase in prevailing interest rates could make it more difficult for us to raise capital and sustain the growth rate of the funds.

Credit Risk

Credit risk is the risk that counterparties or debt issuers may fail to fulfill their obligations or that the collateral value may become inadequate to cover our exposure. We manage credit risk by monitoring the credit exposure to and the creditworthiness of counterparties, requiring additional collateral where appropriate.

Item 4. Controls and Procedures

Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of September 30, 2016, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and were operating at a reasonable assurance level as of September 30, 2016.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, that occurred in the third quarter of 2016 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls.

The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently subject to any pending judicial, administrative or arbitration proceedings that we expect to have a material impact on our consolidated financial statements. We are from time to time involved in litigation and claims incidental to the conduct of our business. Like other businesses in our industry, we are subject to extensive scrutiny by regulatory agencies globally that have, or may in the future have, regulatory authority over us and our business activities. This has resulted in, or may in the future result in, regulatory agency investigations, litigation and subpoenas, and related sanctions and costs. See "Item 1A. Risk Factors" below and "Item 1A. Risk Factors—Risks Related to Our Business—Recent regulatory changes in jurisdictions outside the United States could adversely affect our business" in our Annual Report. See Note 15 to our consolidated financial statements included in this Form 10-Q for additional information.

Item 1A. Risk Factors

Please see "Item 1A. Risk Factors" in our Annual Report for a discussion of the risks material to our business. Additionally, the risk factor below has been updated as a result of recent developments.

Investors in our funds have the right to redeem their investments in our funds on a regular basis and could redeem a significant amount of assets under management during any given quarterly period, which would result in significantly decreased revenues.

Subject to any specific redemption provisions applicable to a fund, investors in our multi-strategy hedge funds may generally redeem their investments in our funds on an annual or quarterly basis following the expiration of a specified period of time (typically between one and three years), although certain investors generally may redeem capital during such specified period upon the payment of a redemption fee and upon giving proper notice. In a declining market, during periods when the hedge fund industry generally experiences outflows, or in response to specific events that occur at the Company, we could experience increased redemptions and a consequent reduction in our assets under management. Recently, our assets under management have declined and we believe this trend will likely continue to some extent for some period of time following the settlement of the FCPA investigation as described in Note 15 to our consolidated financial statements. Furthermore, investors in our funds may also invest in funds managed by other alternative asset managers that have restricted or suspended redemptions or may in the future do so. Such investors may redeem capital from our funds, even if our performance is superior to such other alternative asset managers' performance if they are restricted or prevented from redeeming capital from those other managers.

The decrease in revenues that would result from significant redemptions in our funds could have a material adverse effect on our business, financial condition or results of operations. During 2015, we experienced redemptions of approximately $6.7 billion from our funds, and an additional $6.7 billion during the first nine months of 2016. We may continue to experience elevated redemption levels if economic and market conditions remain uncertain or worsen or pressures on the hedge fund industry continue.

Competitive pressures in the asset management business could materially adversely affect our business, financial condition or results of operations.

The asset management business remains intensely competitive, with competition based on a variety of factors, including investment performance, the quality of service and level of desired information provided to fund investors, brand recognition and business reputation. We compete for fund investors, highly qualified talent, including investment professionals, and for investment opportunities with a number of hedge funds, private equity firms, specialized funds, traditional asset managers, commercial banks, investment banks and other financial institutions. Across the hedge fund industry, management fees are experiencing downward pressure. We are also subject to this pressure and believe it is likely to result in decreased management fees in future periods.

A number of factors create competitive risks for us:

- We compete in an international arena and, to remain competitive, we may need to further expand our business into new geographic regions or new business areas where our competitors may have a more established presence or greater experience and expertise.
- A number of our competitors have greater financial, technical, marketing and other resources and more personnel than we do.
- Several of our competitors have raised and continue to raise significant amounts of capital, and many of them have or may pursue investment objectives that are similar to ours, which would create additional competition for investment opportunities and may reduce the size and duration of pricing inefficiencies that many alternative investment strategies seek to exploit.
- Some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments that we may want to make.
- Some of our competitors may be subject to less extensive regulation and thus may be better positioned to pursue certain investment objectives and/or be subject to lower expenses related to compliance and regulatory investigations than us.
- Other industry participants will from time to time seek to recruit our active executive managing directors, investment professionals and other professional talent away from us.

We may lose fund investors in the future if we do not match or provide more attractive management fees, incentive income arrangements, structures and terms than those offered by competitors. However, we may experience decreased revenues if we match or provide more attractive management fees, incentive income arrangements, structures and terms offered by competitors. In addition, changes in the global capital markets could diminish the attractiveness of our funds relative to investments in other investment products. This competitive pressure could materially adversely affect our ability to make successful investments and limit our ability to raise future successful funds, either of which would materially adversely impact our business, financial condition or results of operations.

If our investment performance, including the level and consistency of returns or other performance criteria, does not meet the expectations of our fund investors, it will be difficult for our funds to retain or raise capital and for us to grow our business. Additionally, even if our fund performance is strong, it is possible that we will not be able to attract additional capital. Further, the allocation of increasing amounts of capital to alternative investment strategies over the long term by institutional and individual investors may lead to a reduction in profitable investment opportunities, including by driving prices for investments higher and increasing the difficulty of achieving consistent, positive, absolute returns.

Competition for fund investors is based on a variety of factors, including:

- Investment performance.
- Investor liquidity and willingness to invest.
- Investor perception of investment managers' ability, drive, focus and alignment of interest with them.
- Investor perception of robustness of business infrastructure and financial controls.
- Transparency with regard to portfolio composition.
- Investment and risk management processes.
- Quality of service provided to and duration of relationship with investors.
- Business reputation, including the reputation of a firm's investment professionals.
- Level of fees and incentive income charged for services.

If we are not able to compete successfully based on these and other factors, our assets under management, earnings and revenues may be significantly reduced and our business, financial condition or results of operations may be materially adversely affected. Furthermore, if we are forced to compete with other alternative asset managers on the basis of fees, we may not be able to maintain our current management fee and incentive income structures, which drive our revenues and earnings. We have historically competed for fund investors primarily on the investment performance of our funds and our reputation, and not on the level of our fees or incentive income relative to those of our competitors. However, as the alternative asset management sector continues to mature and addresses current market and competitive conditions, there is increasing downward pressure on management fees and there is a risk that incentive income rates will decline, without regard to the historical performance of a manager. Management fee or incentive income rate reductions on existing or future funds, particularly without corresponding increases in assets under management or decreases in our operating costs, could materially adversely affect our business, financial condition or results of operations.

In addition to the competitive pressures described above, as we diversify by offering new or enhanced products and investment platforms, the average management fee rate we earn on our assets under management may fall as a result of a larger proportion of our assets under management being invested in products that earn lower management fee rates. For example, our average management fee rate has fallen from 1.53% in 2013 to 1.23% in the third quarter of 2016. The decrease is primarily due to lower assets under management in our multi-strategy funds and an increase in our opportunistic credit funds and our Institutional Credit Strategies products as a percentage of total assets under management. These credit funds earn lower management fee rates than our multi-strategy funds, consistent with market convention for these products.

Even if we are able to compete successfully based on the factors noted above, it is possible we could lose assets under management to our competitors. It is possible that similar circumstances could cause us to experience unusually high redemptions or a decrease in inflows, even if our investment performance and other business attributes are otherwise competitive or superior.

We are subject to third-party litigation that could result in significant legal and other liabilities and reputational harm, which could materially adversely affect our business, financial condition or results of operations.

We face significant risks in our business that subject us to third-party litigation and legal liability. In general, we will be exposed to litigation risk in connection with any allegations of misconduct, negligence, dishonesty or bad faith arising from our management of any fund. We may also be subject to litigation arising from investor dissatisfaction with the performance of our funds, including certain losses due to the failure of a particular investment strategy or improper trading activity, if we violate restrictions in our funds' organizational documents or from allegations that we improperly exercised control or influence over companies in which our funds have large investments. In addition, we are exposed to risks of litigation relating to claims that we have not properly addressed conflicts of interest. Any litigation arising in such circumstances is likely to be protracted, expensive and surrounded by circumstances that could be materially damaging to our reputation and our business. Moreover, in such cases, we would be obligated to bear legal, settlement and other costs, which may be in excess of any available insurance coverage. In addition, although we are indemnified by our funds, our rights to indemnification may be challenged. If we are required to incur all or a portion of the costs arising out of any litigation or investigation as a result of inadequate insurance proceeds, if any, or fail to obtain indemnification from our funds, our business, financial condition or results of operations could be materially adversely affected.

Now that the FCPA investigation has been settled, it is possible that we will be exposed to increased civil litigation risk arising out of the events investigated by the SEC and DOJ as part of the FCPA matter.

It is possible that we would be made a party to any lawsuit involving any of the fund-related litigation described above. As with the funds, while we maintain insurance, there can be no assurance that our insurance will prove to be adequate. If we are required to incur all or a portion of the costs arising out of litigation, our business, financial condition or results of operations could be materially adversely affected. Furthermore, any such litigation could be protracted, expensive and highly damaging to our reputation, which could result in a significant decline in our assets under management and revenues, even if the underlying claims are without merit. In addition, we may participate in transactions that involve litigation (including the enforcement of property rights) from time to time, and such transactions may expose us to reputational risk and increased risk from countersuits.

Extensive regulation of our business affects our activities and creates the potential for significant liabilities and penalties. Our reputation, business, financial condition or results of operations could be materially affected by regulatory issues.

Our business is subject to extensive and complex regulation, including periodic examinations and regulatory investigations, by governmental and self-regulatory organizations in the jurisdictions in which we operate and trade around the world. As an investment adviser registered under the Investment Advisers Act of 1940, as amended (the "Advisers Act") and a company subject to the registration and reporting provisions of the Exchange Act, we are subject to regulation and oversight by the SEC. As a company with a class of securities listed on the NYSE, we are subject to the rules and regulations of the NYSE. As a registered commodity pool operator and a registered commodity trading advisor, we are subject to regulation and oversight by the United States Commodity Futures Trading Commission ("CFTC") and the National Futures Association. In addition, we are subject to regulation by the Department of Labor under the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In the U.K., our U.K. sub-adviser is subject to regulation by the U.K. Financial Conduct Authority. Our Asian operations, and our investment activities around the globe, are subject to a variety of other regulatory regimes that vary country by country, including the Securities and Futures Commission in Hong Kong, the Securities and Exchange Board of India and the Dubai Financial Services Authority.

The regulatory bodies with jurisdiction over us have the authority to grant, and in specific circumstances to cancel, permissions to carry on our business and the authority to conduct investigations and administrative proceedings. Such investigations and administrative proceedings can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or expulsion of an investment adviser from registration or memberships. For example, a failure to comply with the obligations imposed by the Exchange Act or Advisers Act, including recordkeeping, advertising and operating requirements, disclosure obligations and prohibitions on fraudulent activities, or a failure to maintain our funds' exemption from compliance with the Investment Company Act of 1940, as amended (the "1940 Act") could result in investigations, sanctions and reputational damage, which could adversely affect our business, financial condition or results of operations. Our funds are involved regularly in trading activities that implicate a broad number of U.S. and foreign securities law regimes, including laws governing trading on inside information, market manipulation, anti-corruption, including the FCPA, and a broad number of technical trading requirements that implicate fundamental market regulation policies. Even if an investigation or proceeding does not result in a sanction or the sanction imposed against us or our personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm our reputation and cause us to lose existing investors or to fail to gain new investors. Furthermore, the legal, technology and other costs associated with regulatory investigations could increase to such a level that they could have a material impact on our business, financial condition or results of operations.

These global financial services regulators affect us not only with their regulations, but also with their examination, inspection and enforcement functions as well. We are routinely subject to examination and inspection and, although we make reasonable efforts to maintain effective compliance programs, there can be no assurances that any such inquiry would not result in a finding or sanction that would adversely affect our business, financial condition or results of operations. Likewise, enforcement investigations and administrative inquiries can be sweeping in nature. Cooperating with these investigations, as is our practice, can be expensive and time-consuming and could distract us from our business operations. In particular, U.S. regulators routinely investigate potentially serious matters such as possible insider trading, market manipulation, misleading disclosure, conflicts of interest, fraud, foreign corruption, including under the FCPA; lesser potential violations, such as books and records inaccuracies, weaknesses in internal controls; and compliance with general reporting and advertising regulations. For the past several years, we have cooperated with a number of ongoing regulatory investigations and examinations, both domestically and internationally, and we expect to be the subject of investigations and examinations in the future. There can be no assurances that ongoing or future investigations will not adversely affect our business, financial condition or results of operations. Enforcement actions and administrative proceedings can result in fines, or other sanctions, including censure, the issuance of a cease-and-desist order, suspension or expulsion of persons or firms from the industry. Such sanctions can harm our reputation and cause us to lose existing investors or fail to gain new investors, which could adversely affect our business, financial condition or results of operations.

On September 29, 2016, we reached settlements with the DOJ and the SEC, resolving their investigations into our former private investment business in Africa and a 2007 investment by the Libyan Investment Authority in certain of our funds. As part of the settlements, we entered into a Deferred Prosecution Agreement with the DOJ, and our subsidiary, OZ Africa, agreed to plead guilty to one count of conspiracy to violate the anti-bribery provisions of the FCPA. We also agreed to settle an administrative proceeding with the SEC involving violations of the FCPA and the Investment Advisers Act.

Pursuant to the settlement agreements with the regulators, we agreed to pay $412.1 million in settlement charges and to implement enhanced internal accounting controls and policies, to separate the chief compliance officer from other officer positions, and to engage an independent compliance monitor for three years, subject to early termination or extension. The settlements could have a material adverse effect on our business, financial condition or results of operations as described below in "—The FCPA settlements could have a material adverse effect on our ability to raise capital for our funds."

In addition, we regularly rely on exemptions or exclusions from various requirements of the Securities Act, the Exchange Act, the 1940 Act, the Commodity Exchange Act and ERISA in conducting our asset management activities. These exemptions or exclusions are sometimes highly complex and may, in certain circumstances, depend on compliance by third parties whom we do not control. If for any reason these exemptions or exclusions were to become unavailable to us, we could become subject to regulatory action or third-party claims and our business, financial condition or results of operations could be materially adversely affected. Certain of the requirements imposed under the 1940 Act, the Advisers Act, ERISA and by non-U.S. regulatory authorities are designed primarily to ensure the integrity of the financial markets and to protect investors in our funds and are not designed to protect holders of our Class A Shares. At any time, the regulations applicable to us may be amended or expanded by the relevant regulatory authorities. If we are unable to correctly interpret and timely comply with any amended or expanded regulatory requirements, our business, financial condition or results of operations could be adversely impacted in a material way.

We may also be adversely affected if additional legislation or regulations are enacted, or by changes in the interpretation or enforcement of existing rules and regulations imposed by the SEC, other U.S. or foreign governmental regulatory authorities or self-regulatory organizations that supervise the financial markets and their participants. See "Item 1A. Risk Factors—Risks Related to Our Business—Increased regulatory focus in the United States could result in additional burdens on our business" and "Item 1A. Risk Factors—Risks Related to Our Business—Recent regulatory changes in jurisdictions outside the United States could adversely affect our business" in our Annual Report for additional information. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with additional new laws or regulations could be difficult and expensive and affect the manner in which we conduct business, and we may be unable to correctly interpret and timely comply with any amended or expanded regulatory requirements, which could have adverse impacts on our business, financial condition or results of operations.

The FCPA settlements could have a material adverse effect on our ability to raise capital for our funds.

As described above under "—Extensive regulation of our business affects our activities and creates the potential for significant liabilities and penalties. Our reputation, business, financial condition or results of operations could be materially affected by regulatory issues," we recently settled investigations by the SEC and the DOJ concerning violations of the FCPA and other laws, which could have a material adverse effect on our business, financial condition or results of operations. In addition to the financial cost of the settlements, the investigation and settlements may harm our reputation and cause us to lose existing investors or fail to gain new investors, which could further adversely affect our business, financial condition or results of operations. Prior to the settlements, many of our funds raised capital relying on the exemption from registration provided by Rule 506 of Regulation D under the Securities Act ("Rule 506") in connection with a securities offering structured as a private placement. As a consequence of the settlements, many of our funds are currently disqualified from raising capital using Rule 506 offerings. This could negatively affect our ability to raise capital for these funds, and our ability to offer and sell fund interests to certain investors in certain U.S. states may be impaired. The inability of many of our funds to raise capital in Rule 506 offerings may also result in additional expenses. The potential negative impact of the FCPA settlements on our ability to raise or retain capital for our funds could adversely affect our business, financial condition or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
4.1	Form of Unit Designation of the Preferences and Relative, Participating, Optional, and Other Special Rights, Powers and Duties of Class A Cumulative Preferred Units (included in Exhibit 10.1 hereto), incorporated herein by reference to Exhibit 4.1 of our Current Report on Form 8-K, filed on September 29, 2016.
4.2	Unit Designation of the Preferences and Relative, Participating, Optional, and Other Special Rights, Powers and Duties of Class A Cumulative Preferred Units of OZ Management LP, incorporated herein by reference to Exhibit 4.1 of our Current Report on Form 8-K, filed on October 11, 2016.
4.3	Unit Designation of the Preferences and Relative, Participating, Optional, and Other Special Rights, Powers and Duties of Class A Cumulative Preferred Units of OZ Advisors LP, incorporated herein by reference to Exhibit 4.2 of our Current Report on Form 8-K, filed on October 11, 2016.
4.4	Unit Designation of the Preferences and Relative, Participating, Optional, and Other Special Rights, Powers and Duties of Class A Cumulative Preferred Units of OZ Advisors II LP, incorporated herein by reference to Exhibit 4.3 of our Current Report on Form 8-K, filed on October 11, 2016.
10.1	Securities Purchase Agreement, dated September 29, 2016, by and among OZ Management LP, OZ Advisors LP, OZ Advisors II LP and the Purchasers party thereto, incorporated herein by reference to Exhibit 10.1 of our Current Report on Form 8-K, filed on September 29, 2016.
10.2	Amendment to Tax Receivable Agreement, dated as of September 29, 2016, by and among inter alia Och-Ziff Capital Management Group LLC, Och-Ziff Holding Corp., Och-Ziff Holding LLC, OZ Management LP, OZ Advisors LP, and OZ Advisors II LP, incorporated herein by reference to Exhibit 10.1 of our Current Report on Form 8-K, filed on September 29, 2016.
10.3	Plea Agreement, dated as of September 29, 2016, by and among OZ Africa Management GP, LLC, the U.S. Department of Justice and the U.S. Attorney's Office for the Eastern District of New York.
10.4	Deferred Prosecution Agreement, dated as of September 29, 2016, by and among Och-Ziff Capital Management Group LLC, the U.S. Department of Justice and the U.S. Attorney's Office for the Eastern District of New York.
10.5	Order Instituting Administrative and Cease-and-Desist Proceedings [pursuant to Section 21C of the Securities Exchange Act of 1934 and Sections 203(e) and (k) of the Investment Advisers Act of 1940], dated as of September 29, 2016, between Och-Ziff Capital Management Group LLC, et. al and the U.S. Securities and Exchange Commission.
31.1	Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.
31.2	Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 2, 2016

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC

By: /s/ Joel M. Frank

Joel M. Frank

Chief Financial Officer and Executive Managing Director

Exhibit 10.3

EXECUTION COPY

WMP/JPL/LRT:JPM/JPL/DP
F. #2012R01716

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

-- X

UNITED STATES OF AMERICA — PLEA AGREEMENT

- against — Cr. No. 16-515 (NGG)

OZ AFRICA MANAGEMENT GP, LLC,

Defendant.

-- X

The United States of America, by and through the Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the Eastern District of New York (collectively, the "Offices"), and OZ Africa Management GP, LLC (the "Defendant"), by and through its undersigned attorneys, and through its authorized representative, pursuant to authority granted by the Board of Directors of Och-Ziff Holding Corporation, as general partner of OZ Management LP, the Defendant's managing member ("Board of Directors") hereby submit and enter into this plea agreement (the "Agreement"), pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure. The terms and conditions of this Agreement are as follows:

THE DEFENDANT'S AGREEMENT

1. Pursuant to Fed. R. Crim. P. 11(c)(1)(C), the Defendant agrees to knowingly waive indictment and its right to challenge venue in the United States District Court for the Eastern District of New York, and to plead guilty to a one-count criminal Information charging the Defendant with conspiracy to commit offenses against the United States in violation of Title 18, United States Code, Section 371, that is, to violate the anti-bribery provisions of the Foreign Corrupt Practices Act of 1977 ("FCPA"); as amended, Title 15, United States Code, Sections 78dd-1 and 78dd-2 (the "Information"). The Defendant further agrees to persist in that plea through sentencing and, as set forth below, to cooperate fully with the Offices in any and all matters relating to the conduct described in this Agreement and other conduct related to corrupt payments, false books, records, and accounts, the failure to implement adequate internal accounting controls, investment adviser fraud, wire fraud, obstruction of justice, and money laundering, subject to applicable law and regulations, until the later of the date upon which all investigations, prosecutions and proceedings, including those involving Och-Ziff Capital Management Group LLC ("Och-Ziff"), the Defendant's ultimate parent company, arising out of such conduct are concluded (the "Term").

2. The Defendant understands that, to be guilty of this offense, the following essential elements of the offense must be satisfied:

a. An unlawful agreement between two or more individuals to violate the FCPA existed; specifically, as an agent of an issuer or as a domestic concern, to make use of the mails and means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, and authorization of the payment of any money, offer, gift, promise to give, and authorization of the giving of anything of value, to a foreign official, and to a person, while knowing that all or a portion of such money and thing of value would be and had been offered, given, and promised to a foreign official, for purposes of: (i) influencing acts and decisions of such foreign official in his or her official capacity; (ii) inducing such foreign official to do and omit to do acts in violation of the lawful duty of such official; (iii) securing an improper advantage; and (iv) inducing such foreign official to use his or her influence with a foreign government and agencies and instrumentalities thereof to affect and influence acts and decisions of such government and agencies and instrumentalities, in order to assist the Defendant and its co-conspirators in obtaining and retaining business for and with, and directing business to, any person;

b. The Defendant knowingly and willfully joined that conspiracy;

c. One of the members of the conspiracy knowingly committed or caused to be committed, in the Eastern District of New York or elsewhere in the United States, at least one of the overt acts charged in the Information; and

d. The overt acts were committed to further some objective of the conspiracy.

3. The Defendant understands and agrees that this Agreement is between the Offices and the Defendant and does not bind any other division or section of the Department of Justice or any other federal, state, or local prosecuting, administrative, or regulatory authority. Nevertheless, the Offices will bring this Agreement and the nature and quality of the conduct, cooperation and remediation of the Defendant, its direct or indirect affiliates, subsidiaries, and joint ventures, to the attention of other prosecuting authorities or other agencies, as well as debarment authorities and Multilateral Development Banks ("MDBs"), if requested by the Defendant.

4. The Defendant agrees that this Agreement will be executed by an authorized corporate representative. The Defendant further agrees that a resolution duly adopted by the Board of Directors, in the form attached to this Agreement as Exhibit 1 ("Certificate of Corporate Resolutions"), authorizes the Defendant to enter into this Agreement and take all necessary steps to effectuate this Agreement, and that the signatures on this Agreement by the Defendant and its counsel are authorized by the Board of Directors, on behalf of the Defendant.

5. The Defendant agrees that it has the full legal right, power, and authority to enter into and perform all of its obligations under this Agreement.

6. The Offices enter into this Agreement based on the individual facts and circumstances presented by this case and the Defendant. Among the factors considered were the following: (a) Och-Ziff and the Defendant did not voluntarily self-disclose to the Offices the misconduct that forms the basis for this Agreement; (b) Och-Ziff s cooperation with the Offices' investigation, which included Och-Ziff s Audit Committee's very thorough, and comprehensive internal investigation through counsel which included regular reports to the Offices, Och-Ziff s counsel's collection and production of voluminous evidence located in foreign countries, and efforts to make current and former employees available for interviews, and also issues that resulted in a delay to the early stages of the government's investigation, including Och-Ziff s failures to produce important, responsive documents on a timely basis, and in some instances producing documents only after the Offices flagged for Och-Ziff that the documents existed and should be produced, and providing documents to other defense counsel prior to their production to the government; (c) Och-Ziff engaged in significant remediation to improve is compliance program and internal controls; (d) the seriousness of the offense misconduct including the high dollar amount of bribes to foreign officials, conduct in multiple, high-risk jurisdictions, and the fact that the bribery occurred at a high level within Och-Ziff; (e) neither Och-Ziff nor the Defendant has a prior criminal history; and (f) Och-Ziff and the Defendant have agreed to continue to cooperate with the Offices.

7. The Defendant agrees to abide by all terms and obligations of this Agreement as described herein, including, but not limited to, the following:

a. to plead guilty as set forth in this Agreement;

b. to abide by all sentencing stipulations contained in this Agreement;

c. to appear, through its duly appointed representatives, as ordered for all court appearances, and obey any other ongoing court order in this matter, consistent with all applicable U.S. and foreign laws, procedures, and regulations;

d. to commit no further crimes;

e. to be truthful at all times with the Court;

f. to pay the applicable fine and special assessment; and

g. to continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws throughout its operations, including but not be limited to the minimum elements set forth in the Corporate Compliance Program attached to this Agreement as Exhibit 2 (the "Corporate Compliance Program").

8. Except as may otherwise be agreed by the parties hereto in connection with a particular transaction, the Defendant agrees that in the event that, during the Term of Defendant's obligations under this Agreement, the Defendant sells, merges, or transfers all or substantially all of its business operations, or the business operations of its subsidiaries involved in the conduct described in the Information and the Statement of Facts, attached to this Agreement as Exhibit 3 (hereinafter "Statement of Facts"), as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, transfer, or other change in corporate form, it shall include in any contract for such sale, merger, transfer, or other change in corporate form provisions binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement.

9. Except as may otherwise be agreed by the parties hereto in connection with a particular transaction, if, during the Term of the Defendant's obligations under this Agreement, the Defendant undertakes any change in corporate form that involves business operations that are material to the Defendant's consolidated operations, or to the operations of its subsidiaries involved in the conduct described in the Information and the Statement of Facts, as they exist as of the date of this Agreement, whether such

transaction is structured as a sale, asset sale, merger, transfer, or other change in corporate form, the Defendant shall provide notice to the Offices at least thirty days prior to undertaking any such change in corporate form. If such transaction (or series of transactions) has the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined in the sole discretion of the Offices, it shall be deemed a breach of this Agreement.

10. During the Term, the Defendant shall cooperate fully with the Offices in any and all matters relating to the conduct described in this Agreement, the Information and the Statement of Facts, and any individual or entity referred to therein, as well as other conduct related to corrupt payments, false books, records, and accounts, the failure to implement adequate internal accounting controls, investment adviser fraud, wire fraud, obstruction of justice, and money laundering, subject to applicable law and regulations. At the request of the Offices, the Defendant shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies, as well as the Multilateral Development Banks ("MDBs"), in any investigation of the Defendant, Och-Ziff or its affiliates, or any of its present or former officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to the conduct as defined above. The Defendant agrees that its cooperation pursuant to this Paragraph shall include, but not be limited to, the following:

a. The Defendant shall truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or work product doctrine with respect to its activities, those of Och-Ziff and its affiliates, and those of its present and former directors, officers, employees, agents, and consultants, including any evidence or allegations and internal or external investigations, about which the Defendant has any knowledge or about which the Offices may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Defendant to provide to the Offices, upon request, any document, record or other tangible evidence about which the Offices may inquire of the Defendant.

b. Upon request of the Offices, the Defendant shall designate knowledgeable employees, agents or attorneys to provide to the Offices the information and materials described in Paragraph 9(a) above on behalf of the Defendant. It is further understood that the Defendant must at all times provide complete, truthful, and accurate information.

c. The Defendant shall use its best efforts to make available for interviews or testimony, as requested by the Offices, present or former officers, directors, employees, agents and consultants of the Defendant. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation under this Paragraph shall include identification of witnesses who, to the knowledge of the Defendant, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Offices pursuant to this Agreement, the Defendant consents to any and all disclosures, subject to applicable law and regulations, to other governmental authorities, including United States authorities and those of a. foreign government, as well as the MDBs, of such materials as the Offices, in their sole discretion, shall deem appropriate.

11. During the Term, should the Defendant learn of credible evidence or allegations of a violation of U.S. federal law, the Defendant shall promptly report such evidence or allegations to the Offices.

12. The Defendant agrees that any fine or restitution imposed by the Court will be due and payable within ten (10) business days of sentencing, and the Defendant will not attempt to avoid or delay payment. The Defendant further agrees to pay, directly or by an affiliate, to the Clerk of the Court for the United States District Court for the Eastern District of New York the mandatory special assessment of $400 per count within ten (10) business days from the date of sentencing.

THE UNITED STATES' AGREEMENT

13. In exchange for the guilty plea of the Defendant and the complete fulfillment of all of its obligations under this Agreement, the Offices agree that they will not file additional criminal charges against the Defendant or any of its direct or indirect affiliates, subsidiaries, or joint ventures relating to: (a) any of the conduct described in the Information or the Statement of Facts; or (b) information made known to the Offices prior to the date of this Agreement, except for the charges specified in the Deferred Prosecution Agreement between the Offices and Och-Ziff filed simultaneously herewith (hereinafter, the "DPA"). This Paragraph does not provide any protection against prosecution for any crimes, including corrupt payments or related false books and records and failure to implement adequate internal accounting controls, made in the future by the Defendant or by any of its officers, directors, employees, agents or consultants, whether or not disclosed by the Defendant pursuant to the terms of this Agreement. This Agreement does not close or preclude the investigation or prosecution of any individuals, regardless of their affiliation with the Defendant. The Defendant agrees that nothing in this Agreement is intended to release the Defendant from any and all of the Defendant's excise and income tax liabilities and reporting obligations for any and all income not properly reported and/or legally or illegally obtained or derived.

FACTUAL BASIS

14. The Defendant is pleading guilty because it is guilty of the charges contained in the Information. The Defendant admits, agrees, and stipulates that the factual allegations set forth in the Information and the Statement of Facts are true and correct, that it is responsible for the acts of its officers, directors, employees, and agents described in the Information and the Statement of Facts, and that the Information and the Statement of Facts accurately reflect the Defendant's criminal conduct.

THE DEFENDANT'S WAIVER OF RIGHTS, INCLUDING THE RIGHT TO APPEAL

15. Federal Rule of Criminal Procedure 11(f) and Federal Rule of Evidence 410 limit the admissibility of statements made in the course of plea proceedings or plea discussions in both civil and criminal proceedings, if the guilty plea is later withdrawn. The Defendant expressly warrants that it has discussed these rules with its counsel and understands them. Solely to the extent set forth below, the Defendant voluntarily waives and gives up the rights enumerated in Federal Rule of Criminal Procedure 11(f) and Federal Rule of Evidence 410. Specifically, the Defendant understands and agrees that any statements that it makes in the course of its guilty plea or in connection with the Agreement are admissible against it for any purpose in any U.S. federal criminal proceeding if, even though the Offices have fulfilled all of its obligations under this Agreement and the Court has imposed the agreed-upon sentence, the Defendant nevertheless withdraws its guilty plea.

16. The Defendant is satisfied that the Defendant's attorneys have rendered effective assistance. The Defendant understands that by entering into this Agreement, the Defendant surrenders certain rights as provided in this Agreement. The Defendant understands that the rights of criminal defendants include the following:

a. the right to plead not guilty and to persist in that plea;

b. the right to a jury trial;

c. the right to be represented by counsel — and if necessary have the court appoint counsel — at trial and at every other stage of the proceedings;

d. the right at trial to confront and cross-examine adverse witnesses, to be protected from compelled self-incrimination, to testify and present evidence, and to compel the attendance of witnesses; and

e. pursuant to Title 18, United States Code, Section 3742, the right to appeal the sentence imposed.

Nonetheless, the Defendant knowingly waives the right to appeal or collaterally attack the conviction and any sentence within the statutory maximum described below (or the manner in which that sentence was determined) on the grounds set forth in Title 18, United States Code, Section 3742, or on any ground whatsoever except those specifically excluded in this Paragraph, in exchange for the concessions made by the Offices in this Agreement. This Agreement does not affect the rights or obligations of the Offices as set forth in Title 18, United States Code, Section 3742(b). The Defendant also knowingly waives the right to bring any collateral challenge challenging either the conviction, or the sentence imposed in this case. The Defendant hereby waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation any records that may be sought under the Freedom of Information Act, Title 5, United States Code, Section 552, or the Privacy Act, Title 5, United States Code, Section 552a. The Defendant waives all defenses based on the statute of limitations and venue with respect to any prosecution related to the conduct described in the Information and the Statement of Facts, including any prosecution that is not time-barred on the date that this Agreement is signed in the event that: (a) the conviction is later vacated for any reason; (b) the Defendant violates this Agreement; or (c) the plea is later withdrawn, provided such prosecution is brought within one year of any such vacation of conviction, violation of the Agreement, or withdrawal of plea plus the remaining time period of the statute of limitations as of the date that this Agreement is signed. The Offices are free to take any position on appeal or any other post-judgment matter. The parties agree that any challenge to the Defendant's sentence that is not foreclosed by this Paragraph will be limited to that portion of the sentencing calculation that is inconsistent with (or not addressed by) this waiver. Nothing in the foregoing waiver of appellate and collateral review rights shall preclude the Defendant from raising a claim of ineffective assistance of counsel in an appropriate forum.

PENALTY

17. The statutory maximum sentence that the Court can impose for a violation of Title 18, United States Code, Section 371, is: a fine of $500,000 or twice the gross pecuniary gain or gross pecuniary loss resulting from the offense, whichever is greatest, Title 15, United States Code, Section 78ff(a) and Title 18, United States Code, Section 3571(c), (d); five years' probation, Title 18, United States Code, Section 3561(c)(1); and a mandatory special assessment of $400 per count, Title 18, United States Code, Section 3013(a)(2)(B). In this case, the parties agree that the gross pecuniary gain resulting from the offense is $91,181,182. Therefore, pursuant to 18 U.S.C. § 3571(d), the maximum fine that may be imposed is $182,362,364 per offense.

SENTENCING RECOMMENDATION

18. The parties agree that pursuant to *United States v. Booker*, 543 U.S. 220 (2005), the Court must determine an advisory sentencing guideline range pursuant to the United States Sentencing Guidelines. The Court will then determine a reasonable sentence within the statutory range after considering the advisory sentencing guideline range and the factors listed in Title 18, United States Code, Section 3553(a). The parties' agreement herein to any guideline sentencing factors constitutes proof of those factors sufficient to satisfy the applicable burden of proof. The Defendant also understands that if the Court accepts this Agreement, the Court is bound by the sentencing provisions in Paragraph 17.

19. The Offices and the Defendant agree that a faithful application of the United States Sentencing Guidelines (U.S.S.G.) to determine the applicable fine range yields the following analysis:

a. The 2015 USSG are applicable to this matter.

b. Offense Level—Bribery Conduct (Highest Offense Level). Based upon USSG § 2C1.1, the total offense level is 42, calculated as follows:

(a)(2)	Base Offense Level	12
(b)(1)	Multiple Bribes	+2
(b)(2)	Value of benefit received more than $65,000,0000	+24
(b)(3)	High Level Official Involved	+4
Total Offense Level		42

c. Base Fine. Based upon USSG § 8C2.4(a)(2), the base fine is $91,181,182.

d. Culpability Score. Based upon USSG § 8C2.5, the culpability score is 4, calculated as follows:

(a)	Base Culpability Score	5
(b)(3)	the organization had 10 or more employees and an individual within high-level personnel of the organization participated in, condoned, or was willfully ignorant of the offense	+1
(g)(2)	The organization fully cooperated in the investigation and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct	-2
TOTAL		4

Calculation of Fine Range:

Base Fine	$91,181,182
Multipliers	0.8 (min)/ 1.6 (max)
Fine Range	$72,944,946 to $145,889,891 (statutory maximum)

20. Pursuant to the DPA, Och-Ziff, directly or through an affiliate, has agreed to pay a penalty of $213,055,689 relating to the same underlying conduct described herein and certain additional conduct. Thus, pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure, the Offices and the Defendant agree that the following represents the appropriate disposition of the case:

a. Disposition. Pursuant to Fed. R. Crim, P. 11(c)(1)(C), the Offices and the Defendant agree that the appropriate disposition of this case is as set forth above, and agree to recommend jointly that the Court not impose a criminal fine on the Defendant, conditioned upon a monetary penalty in the amount of $213,055,689 paid by Och-Ziff and its affiliates under the terms specified in the DPA.

b. Mandatory Special Assessment. The Defendant or one of its affiliates shall pay to the Clerk of the Court for the United States District Court for the Eastern District of New York within ten (10) days of the time of sentencing the mandatory special assessment of $400 per count.

21. This Agreement is presented to the Court pursuant to Fed. R. Crim. P. 11(c)(1)(C). The Defendant understands that, if the Court rejects this Agreement, the Court must: (a) inform the parties that the Court rejects the Agreement; (b) advise the Defendant's counsel that the Court is not required to follow the Agreement and afford the Defendant the opportunity to withdraw its plea; and (c) advise the Defendant that if the plea is not withdrawn, the Court may dispose of the case less favorably toward the Defendant than the Agreement contemplated. The Defendant further understands that if the Court refuses to accept any provision of this Agreement, neither party shall be bound by the provisions of the Agreement.

22. The Defendant and Offices waive the preparation of a Pre-Sentence Investigation Report. The Defendant understands that the decision whether to proceed with the sentencing proceeding without a Pre-Sentence Investigation Report is exclusively that of the Court. In the event the Court directs the preparation of a Pre-Sentence Investigation Report, the Offices will fully inform the preparer of the Pre-Sentence Investigation Report and the Court of the facts and law related to the Defendant's case. At the time of the plea hearing, the parties will suggest mutually agreeable and convenient dates for the sentencing hearing with adequate time for (a) any objections to the Pre-Sentence Report, and (b) consideration by the Court of the Pre-Sentence Report and the parties' sentencing submissions. The Offices will not object to and will consent to a request by the Defendant for an initial six-month adjournment of sentencing to allow time for Och-Ziff to pursue an application with the United States Department of Labor ("DOL") for a regulatory rule exemption to allow Och-Ziff to continue to act as a Qualified Professional Asset Manager under ERISA Prohibited Transaction Class Exemption 84-14. The Offices further agree that if the DOL has not ruled on Och-Ziff's application within the initial six-month adjournment, the Offices will not oppose further six-month. adjournment requests by the Defendant, if the Offices, in their sole discretion, determine that Och-Ziff has diligently pursued its application with the DOL. The Defendant agrees that it may not withdraw its plea or be released from any other conditions of this plea agreement if the DOL denies the exemption or takes any action adverse to Och-Ziff or its affiliates, including the Defendant, or on account of any sentencing schedule set by the Court.

BREACH OF AGREEMENT

23. If the Defendant (a) commits any felony under U.S. federal law; (b) provides in connection with this Agreement deliberately false, incomplete, or misleading information; (c) fails to cooperate as set forth in Paragraphs 10 and 11 of this Agreement; (d) fails to implement a compliance program as set forth in Paragraph 7 of this Agreement and the Corporate Compliance Program; (e) commits any acts that, had they occurred within the jurisdictional reach of the FCPA, would be a violation of the FCPA; or (f) otherwise fails specifically to perform or to fulfill completely each of the Defendant's obligations under the Agreement, regardless of whether the Offices become aware of such a breach after the term of the Agreement, the Defendant shall thereafter be subject to prosecution for any federal criminal violation of which the Offices have knowledge, including, but not limited to, the charges in the Information described in Paragraph 1, which may be pursued by the Office in the U.S. District Court for the Eastern District of New York or any other appropriate venue. Determination of whether the Defendant has breached the Agreement and whether to pursue prosecution of the Defendant shall be in the Offices' sole discretion. Any such prosecution may be premised on information provided by the Defendant. Any such prosecution relating to the conduct described in the Information and the Statement of Facts or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the Defendant, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the term of the Agreement plus one year. Thus, by signing this Agreement, the Defendant agrees that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the term of the Agreement plus one year. The Defendant gives up all defenses based on the statute of limitations, any claim of pre-indictment delay, or any speedy trial claim with respect to any such prosecution or action, except to the extent that such defenses existed as of the date of the signing of this Agreement. In addition, the Defendant agrees that the statute of limitations as to any violation of federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Offices are made aware of the violation or the duration of the Term plus five years, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

24. In the event the Offices determine that the Defendant has breached this Agreement, the Offices agree to provide the Defendant with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, the Defendant shall have the opportunity to respond to the Offices in writing to explain the nature and circumstances of such breach, as well as the actions the Defendant has taken to address and remediate the situation, which explanation the Offices shall consider in determining whether to pursue prosecution of the Defendant.

25. In the event that the Offices determine that the Defendant has breached this Agreement: (a) all statements made by or on behalf of the Defendant to the Offices or to the Court, including the Information and the Statement of Facts, and any testimony given by the Defendant before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Offices against the Defendant; and (b) the Defendant shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of. Evidence, or any other federal rule that any such statements or testimony made by or on behalf of the Defendant prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, the Defendant, will be imputed to the Defendant for the purpose of determining whether the Defendant has violated any provision of this Agreement shall be in the sole discretion of the Offices.

26. The Defendant acknowledges that the Offices have made no representations, assurances, or promises concerning what sentence may be imposed by the Court if the Defendant breaches this Agreement and this matter proceeds to judgment. The Defendant further acknowledges that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion.

PUBLIC STATEMENTS BY THE DEFENDANT

27. The Defendant expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for the Defendant make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Defendant set forth above or the facts described in the Information and the Statement of Facts. Any such contradictory statement shall, subject to cure rights of the Defendant described below, constitute a breach of this Agreement, and the Defendant thereafter shall be subject to prosecution as set forth in Paragraphs 23 to 26 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the Information or the Statement of Facts will be imputed to the Defendant for the purpose of determining whether it has breached this Agreement shall be at the sole discretion of the Offices. If the Offices determine that a public statement by any such person contradicts in whole or in part a statement contained in the Information or the Statement of Facts, the Offices shall so notify the Defendant, and the Defendant may avoid a breach of this Agreement by publicly repudiating such statement(s) within five (5) business days after notification. The Defendant shall be permitted to raise defenses and to assert affirmative claims in other proceedings relating to the matters set forth in the Information and the Statement of Facts provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the Information or the Statement of Facts. This Paragraph does not apply to any statement made by any present or former officer, director, employee, or agent of the Defendant in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of the Defendant.

28. The Defendant agrees that if it or any of its direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, the Defendant shall first consult the Offices to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Offices and the Defendant; and (b) whether the Offices have any objection to the release or statement.

COMPLETE AGREEMENT

29. This document states the full extent of the Agreement between the parties. There are no other promises or agreements, express or implied. Any modification of this Agreement shall be valid only if set forth in writing in a supplemental or revised plea agreement signed by all parties.

AGREED:

FOR OZ AFRICA MANAGEMENT GP, LLC:

/S/ Joel M. Frank
Joel M. Frank
OZ Africa Management GP, LLC

/S/ Mark K. Schonfeld
Mark K. Schonfeld, Esq.
Joel M. Cohen, Esq.
Lee G. Dunst, Esq.
F. Joseph Warin, Esq.
Gibson Dunn & Crutcher LLP
Counsel to OZ Africa Management GP, LLC

Date: 9/29/16

FOR THE U.S. DEPARTMENT OF JUSTICE:

ROBERT CAPERS
United States Attorney
Eastern District of New York

SANDRA MOSER
Principal Deputy Chief
Criminal Division, Fraud Section
U.S. Department of Justice

/S/ James P. Loonam
James P. Loonam
Jonathan P. Lax
David Pitluck
Assistant U.S. Attorneys

/S/ James P. McDonald
Leo R. Tsao, Assistant Chief
James P. McDonald, Trial Attorney

Date: 9/29/16

EXHIBIT 1

CERTIFICATE OF CORPORATE RESOLUTIONS

A copy of the executed Certificate of Corporate Resolutions is annexed hereto as “Exhibit 1.”

NOW, THEREFORE, BE IT RESOLVED, that the Corporation, as the general partner of OZM, the managing member of OZ Africa: (a) acknowledges the filing of the one-count Information charging OZ Africa with violations of 18 U.S.C. § 371 and 15 U.S.C. § 78dd-1 and § 78dd-2 (the "OZ Africa Information"); and (b) agrees that OZ Africa shall knowingly waive indictment on such charge and approves OZ Africa's entry into the Plea Agreement with the Offices as substantially set forth in Annex A hereto with such changes as any Authorized Person of OZ Africa may determine to authorize on behalf of OZ Africa; and further

RESOLVED, that the Corporation, as the general partner of OZM, the managing member of OZ Africa, accepts the terms and conditions to apply to OZ Africa under the Plea Agreement, including, but not limited to: (a) a knowing waiver by OZ Africa for purposes of the Plea Agreement and any charges by the United States arising out of the conduct described in Exhibit 3 to the Plea Agreement of any objection with respect to venue in the United States District Court for the Eastern District of New York; and (b) a knowing waiver of any defenses based on the statute of limitations and venue for any prosecution relating to the conduct described in the OZ Africa Information and the Statement of Facts in Exhibit 3 to the Plea Agreement; and further

RESOLVED, that the Corporation, as the general partner of OZM, the managing member of OZ Africa, be and hereby is directed to execute the Plea Agreement on the terms set forth in, and substantially in the form of, Annex A hereto, with such changes as any Authorized Person may determine to authorize on behalf of OZ Africa, such determination to be conclusively evidenced by the execution of the Plea Agreement by an Authorized Person, and to authorize the Authorized Persons to act on behalf of OZ Africa in all matters relating to the Plea Agreement, including to waive indictment on behalf of OZ Africa, appear on behalf of OZ Africa in any proceedings relating to the Plea Agreement and the matters to which the Plea Agreement relates and take all other acts on behalf of OZ Africa as are specified in these resolutions or ancillary or related in any way to the foregoing.

AUTHORIZING RESOLUTIONS; RATIFICATION

NOW, THEREFORE BE IT RESOLVED, that any specific resolutions that may be required to have been adopted by the Board in connection with the actions contemplated by the foregoing resolutions be, and they hereby are, adopted, and each of the Authorized Persons, be, and each of them individually hereby is, authorized in the name and on behalf of the Corporation to certify as to the adoption of any and all such resolutions; and further

RESOLVED, that the Authorized Persons be, and each of them individually hereby is, authorized and directed in the name and on behalf of the Corporation to execute and deliver any instrument, document or agreement or to take or cause to be taken any other action or actions, including the payment of any and all expenses and fees, that such Authorized Person may deem necessary, appropriate or desirable to carry out the intent and purposes of the foregoing resolutions, such approval to be conclusively evidenced by the taking of any such action or the execution and delivery of any such instrument by an Authorized Person; and further

RESOLVED, that any actions heretofore taken by any Authorized Person in connection with or otherwise in contemplation of the actions contemplated by any of the foregoing resolutions be, and they hereby are, adopted, approved, confirmed and ratified.

IN WITNESS WHEREOF, the undersigned, being the sole member of the Board, has caused this Unanimous Written Consent to be executed and adopted effective as of the date set forth above.

/S/ Daniel S. Och
Daniel S. Och
Director

CERTIFICATE OF COUNSEL

I am counsel for OZ Africa Management GP, LLC (the "Defendant") in the matter covered by the plea agreement between the Defendant and the United States of America, by and through the Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the Eastern District of New York (the "Agreement"). In connection with such representation, I have examined relevant documents and have discussed the terms of the Agreement with the Board of Directors. Based on our review of the foregoing materials and discussions, I am of the opinion that the representative of the Defendant has been duly authorized to enter into the Agreement on behalf of the Defendant and that the Agreement has been duly and validly authorized, executed, and delivered on behalf of the Defendant and is a valid and binding obligation of the Defendant. Further, I have carefully reviewed the terms of the Agreement with the Board of Directors and the officers of the Defendant. I have fully advised them of the rights of the Defendant, of possible defenses, of the Sentencing Guidelines' provisions and of the consequences of entering into the Agreement. To my knowledge, the decision of the Defendant to enter into the Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: 9/29/16

By: /S/ Mark K. Schonfeld

Mark K. Schonfeld, Esq.
Joel M. Cohen, Esq.
Lee G. Dunst, Esq.
F. Joseph Warin, Esq.
Gibson Dunn & Crutcher LLP
Counsel for OZ Africa Management GP, LLC

EXHIBIT 2

CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in its internal controls, compliance code, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-1, et seq., and other applicable anti-corruption laws, defendant OZ Africa Management GP, LLC (the "Defendant") agrees to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

Where necessary and appropriate, the Defendant agrees to adopt new or to modify existing internal controls, compliance code, policies, and procedures in order to ensure that it maintains: (a) a system of internal accounting controls designed to ensure that the Defendant makes and keeps fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance program that includes policies and procedures designed to detect and deter violations of the FCPA, foreign law counterparts, and other applicable anti-corruption laws (collectively, the "anti-corruption laws"). At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of the Defendant's existing internal controls, compliance code, policies, and procedures:

High-Level Commitment

1. The Defendant will ensure that its directors and senior management provide strong, explicit, and visible support and commitment to its corporate policy against violations of the anti-corruption laws and its compliance code.

Policies and Procedures

2. The Defendant will develop and promulgate a clearly articulated and visible corporate policy against violations of the anti-corruption laws, which policy shall be memorialized in a written compliance code.

3. The Defendant will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of the anti-corruption laws and the Defendant's compliance code, and the Defendant will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of the anti-corruption laws by personnel at all levels of the Defendant. These anti-corruption policies and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of the Defendant in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, "agents and business partners"). The Defendant shall notify all employees that compliance with the policies and procedures is the duty of individuals at all levels of the Defendant. Such policies and procedures shall address:

a. gifts;

b. hospitality, entertainment, and expenses;

c. customer travel;

d. political contributions;

e. charitable donations and sponsorships;

f. facilitation payments; and

g. solicitation and extortion.

4. The Defendant will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts. This system should be designed to provide reasonable assurances that:

a. transactions are executed in accordance with management's general or specific authorization;

b. transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;

c. access to assets is permitted only in accordance with management's general or specific authorization; and

d. the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Periodic Risk-Based Review

5. The Defendant will develop these compliance policies and procedures on the basis of a periodic risk assessment addressing the individual circumstances of the Defendant, in particular the foreign bribery risks facing the Defendant, including, but not limited to, its geographical organization, interactions with various types and levels of government officials, industrial sectors of operation, involvement in joint venture arrangements, importance of licenses and permits in the Defendant's operations, degree of governmental oversight and inspection, and volume and importance of goods and personnel clearing through customs and immigration.

6. The Defendant shall review its anti-corruption compliance policies and procedures no less than annually and update them as appropriate to ensure their continued effectiveness, taking into account relevant developments in the field and evolving international and industry standards.

Proper Oversight and Independence

7. The Defendant will assign responsibility to one or more senior corporate executives of the Defendant for the implementation and oversight of the Defendant's anti-corruption compliance code, policies, and procedures. Such corporate official(s). shall have the authority to report directly to independent monitoring bodies, including internal audit, the Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

Training and Guidance

8. The Defendant will implement mechanisms designed to ensure that its anti-corruption compliance code, policies, and procedures are effectively communicated to all directors, officers, employees, and, where necessary and appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors and officers, all employees in positions of leadership or trust, positions that require such training (e.g., internal audit, sales, legal, compliance, finance), or positions that otherwise pose a corruption risk to the Defendant, and, where necessary and appropriate, agents and business partners; and (b) corresponding certifications by all such directors, officers, employees, agents, and business partners, certifying compliance with the training requirements.

9. The Defendant will maintain, or where necessary establish, an effective system for providing guidance and advice to directors, officers, employees, and, where necessary and appropriate, agents and business partners, on complying with the Defendant's anti-corruption compliance code, policies, and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which the Defendant operates.

Internal Reporting and Investigation

10. The Defendant will maintain, or where necessary establish, an effective system for internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners concerning violations of the anti-corruption laws or the Defendant's anti-corruption compliance code, policies, and procedures.

11. The Defendant will maintain, or where necessary establish, an effective and reliable process with sufficient resources for responding to, investigating, and documenting allegations of violations of the anti-corruption laws or the Defendant's anti-corruption compliance code, policies, and procedures.

Enforcement and Discipline

12. The Defendant will implement mechanisms designed to effectively enforce its compliance code, policies, and procedures, including appropriately incentivizing compliance and disciplining violations.

13. The Defendant will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and the Defendant's anti-corruption compliance code, policies, and procedures by the Defendant's directors, officers, and employees. Such procedures should be applied consistently and fairly, regardless of the position held by, or perceived importance of, the director, officer, or employee. The Defendant shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, compliance code, policies, and procedures and making modifications necessary to ensure the overall anti-corruption compliance program is effective.

Third-Party Relationships

14. The Defendant will institute appropriate risk-based due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

a. properly documented due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;

b. informing agents and business partners of the Defendant's commitment to abiding by anti-corruption laws, and of the Defendant's anti-corruption compliance code, policies, and procedures; and

c. seeking a reciprocal commitment from agents and business partners.

15. Where necessary and appropriate, the Defendant will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of the anti-corruption laws, the Defendant's compliance code, policies, or procedures, or the representations and undertakings related to such matters.

Mergers and Acquisitions

16. The Defendant will develop and implement policies and procedures for mergers and acquisitions requiring that the Defendant conduct appropriate risk-based due diligence on potential new business entities, including appropriate FCPA and anti-corruption due diligence by legal, accounting, and compliance personnel.

17. The Defendant will ensure that the Defendant's compliance code, policies, and procedures regarding the anti-corruption laws apply as quickly as is practicable to newly acquired businesses or entities merged with the Defendant and will promptly:

a. train the directors, officers, employees, agents, and business partners consistent with Paragraph 8 above on the anti-corruption laws and the Defendant's compliance code, policies, and procedures regarding anti-corruption laws; and

b. where warranted, conduct an FCPA-specific audit of all newly acquired or merged businesses as quickly as practicable.

Monitoring and Testing

18. The Defendant will conduct periodic reviews and testing of its anti-corruption compliance code, policies, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and the Defendant's anti-corruption code, policies, and procedures, taking into account relevant developments in the field and evolving international and industry standards.

EXHIBIT 3

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the Plea Agreement (the "Agreement") between the United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the Eastern District of New York (collectively, the "Offices") and the defendant OZ AFRICA MANAGEMENT GP, LLC (the "Defendant" or "OZ AFRICA"). OZ AFRICA hereby agrees and stipulates that the following information is true and accurate. Certain of the facts herein are based on information obtained from third parties by the Offices through their investigation and described to OZ AFRICA. OZ AFRICA admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below. Had this matter proceeded to trial, OZ AFRICA acknowledges that the Offices would have proven beyond a reasonable doubt, by admissible evidence, the facts alleged below and set forth in the Criminal Information:

I. The Foreign Corrupt Practices Act

1. The Foreign Corrupt Practices Act of 1977, as amended, Title 15, United States Code, Sections 78dd-1, et seq. ("FCPA"), was enacted by Congress for the purpose of, among other things, making it unlawful to act corruptly in furtherance of an offer, promise, authorization, or payment of money or anything of value, directly or indirectly, to a foreign official for the purpose of obtaining or retaining business for, or directing business to, any person.

II. The Defendant and Relevant Entities and Individuals

2. Och-Ziff Capital Management Group LLC ("Och-Ziff"), which has been charged separately, was a Delaware limited liability company and one of the largest alternative asset and hedge fund managers in the world. Och-Ziff had its headquarters in New York, New York and was listed on the New York Stock Exchange on November 14, 2007. Since that time, Och-Ziff has had a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act") and has been required to file annual reports .with the United States Securities and Exchange Commission ("SEC") under Section 15(d) of the Exchange Act, Title 15, United States Code, Section 78o(d). Accordingly, since November 14, 2007, Och-Ziff has been an "issuer" as that term is used in the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Sections 78dd-1(a) and 78m(b). Prior to its initial public offering on November 14, 2007, Och-Ziff was a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1).

3. Och-Ziff controlled numerous consolidated subsidiaries through which Och-Ziff operated and provided investment advisory and management services for individual hedge funds and alternative investment vehicles (the "Och-Ziff Hedge Funds") in return for management fees and incentive income. During the relevant time period, Och-Ziff had approximately $30 billion in assets under management and had offices located in New York, London and Hong Kong.

4. OZ Management LP was a Delaware limited partnership and subsidiary of Och-Ziff through which Och-Ziff registered as an investment adviser. Thus, OZ Management LP was a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an "agent" of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

5. The defendant, OZ AFRICA MANAGEMENT GP, LLC (the "defendant" or "OZ AFRICA") was a Delaware limited liability company and wholly-owned subsidiary of OZ Management LP. OZ AFRICA held Och-Ziff s interests for its joint venture in Africa. OZ AFRICA was a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an "agent" of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

6. Africa Management Limited ("AML") was a joint-venture company started by Och-Ziff, the defendant OZ AFRICA, and affiliated and subsidiary entities with various South African business partners in 2007. AML established multiple investment funds under the "African Global Capital" ("AGC") name which invested in companies with African mining and mineral assets and rights. The joint-venture partner and Och-Ziff owned 60 percent and 40 percent of the interest in AML, respectively. Och-Ziff s approval was required for all investments by AGC funds, and AML and AGC relied upon Och-Ziff s legal and compliance functions to perform due diligence, provide legal advice and document transactions.

7. "Och-Ziff Employee 1," a U.S. citizen whose identity is known to the United States and the defendant OZ AFRICA, was a high-ranking officer of Och-Ziff. Och-Ziff Employee 1 was based in Och-Ziff s New York office. Och-Ziff Employee 1 was an officer of OZ AFRICA. Och-Ziff Employee 1 was a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an "officer" and "agent" of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

8. “Och-Ziff Employee 2,” a U.S. citizen whose identity is known to the United States and the defendant OZ AFRICA, was a high-ranking officer of Och-Ziff. Och-Ziff Employee 2 was based in Och-Ziff s New York office. Och-Ziff Employee 2 was an officer of OZ AFRICA and executed various documents on its behalf. Och-Ziff Employee 2 was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an “officer” and “agent” of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

9. “Och-Ziff Employee 3,” a U.S. citizen whose identity is known to the United States and the defendant OZ AFRICA, was a senior executive of Och-Ziff and a member of Och-Ziff s partner management committee who headed Och-Ziff s London office. Och-Ziff Employee 3 was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an “employee” and “agent” of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

10. “Och-Ziff Employee 4,” a U.S. citizen whose identity is known to the United States and the defendant OZ AFRICA, was a senior member of Och-Ziff s investor relations department. Och-Ziff Employee 4 was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an “employee” and “agent” of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

11. “Och-Ziff Employee 5,” an Australian citizen whose identity is known to the United States and the defendant OZ AFRICA, was an employee of Och-Ziff Management Europe Limited, the London-based subsidiary of OZ Management LP and a member of Och-Ziff s European private investment team, which also had responsibility for investments in Africa. Och-Ziff Employee 5 was responsible for overseeing certain Och-Ziff investments involving mineral extraction, oil and other natural resources in Africa, and thus was an “employee” and “agent” of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

12. “Och-Ziff Employee 6,” a U.S. citizen whose identity is known to the United States and the defendant OZ AFRICA, was a member of Och-Ziff’s legal department and worked in multiple Och-Ziff offices. Och-Ziff Employee 6 was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an “employee” and “agent” of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

13. “DRC Partner,” an Israeli businessman whose identity is known to the United States and the defendant OZ AFRICA, had significant interests in the diamond and mineral mining industries in the Democratic Republic of the Congo (the “DRC”). Och-Ziff, through the defendant OZ AFRICA, AGC, and various subsidiary companies, and DRC Partner were investment partners for mining and mineral opportunities in the DRC. For these purposes, DRC Partner was an “agent” of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

III. Democratic Republic of the Congo and Officials

14. “DRC Official 1,” an individual whose identity is known to the United States and the defendant OZ AFRICA, was a senior official in the DRC who had the ability to take official action and exert official influence over mining matters in the DRC. DRC Official 1 was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1) and 78dd-2(h)(2).

15. “DRC Official 2,” an individual whose identity is known to the United States and the defendant OZ AFRICA, was a senior official in the DRC and close advisor to DRC Official 1. Since at least 2004, DRC Official 2 was an Ambassador-at-Large for the DRC government and also a national parliamentarian. DRC Official 2 had the ability to take official action and exert official influence over mining matters in the DRC, and was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1) and 78dd-2(h)(2).

IV. The DRC Corruption Scheme

A. Overview of the Scheme

16. In or about and between 2005 and 2015, DRC Partner, together with others, paid more than one-hundred million U.S. dollars in bribes to DRC officials to obtain special access to and preferential prices for opportunities in the government-controlled mining sector in the DRC. Beginning in December 2007, Och-Ziff, through Och-Ziff Employee 3 and Och-Ziff Employee 5, had discussions with DRC Partner about forming a joint venture between Och-Ziff and DRC Partner, through DRC Partner's companies, for the purpose of acquiring and consolidating valuable mining assets in the DRC into one large publicly traded mining company. The underlying premise of the proposed joint venture was that DRC Partner had special access.to attractive investment opportunities in the DRC through his relationships with officials at the highest levels of the DRC government. In return for access to these attractive investment opportunities, Och-Ziff would finance DRC Partner's operations in the DRC. Och-Ziff Employee 3 and Och-Ziff Employee 5 understood that Och-Ziff's funds would be used, in part, to pay substantial sums of money to DRC officials to secure access to these opportunities in the DRC mining sector. Although the parties did not enter into a written partnership agreement, as a result of agreeing to the corrupt arrangement, Och-Ziff Employee 3 and Och-Ziff Employee 5 secured long-term deal flow for Och-Ziff and AGC in the DRC mining sector.

B. Och-Ziff s Agreements with DRC Partner

17. In or about and between December 2007 and March 2008, Och-Ziff, through Och-Ziff Employee 3 and Och-Ziff Employee 5, began discussions with DRC Partner and others about forming a joint venture for the purpose of acquiring and consolidating valuable mining assets in the DRC into one large mining company. At that time, DRC Partner communicated to Och-Ziff Employee 3 and Och-Ziff Employee 5 that DRC Partner would have to pay substantial sums of money to DRC officials, including DRC Official 1, and "local partners" to secure access to the attractive investment opportunities in the DRC mining sector. DRC Partner communicated to Och-Ziff Employee 3 and Och-Ziff Employee 5 that, as part of the joint venture, DRC Partner expected Och-Ziff to help fund these corrupt payments, which would be above and beyond the acquisition and operational costs of the specific assets and transactions. Neither Och-Ziff Employee 3 nor Och-Ziff Employee 5 shared this information with anyone within Och-Ziff's legal or compliance departments.

18. Och-Ziff Employee 3 started the internal process within Och-Ziff to enter into business with DRC Partner. Consistent with Och-Ziff s anti-corruption policy as it related to prospective business partners, on or about February 14, 2008, Och-Ziff Employee 6 sent an e-mail to a due diligence firm requesting a background report on DRC Partner. In that e-mail, Och-Ziff Employee 6 noted that information about DRC Partner "will be very easy to find . . . perhaps the impetus behind the movie 'Blood Diamonds.'"

19. On or about February 21, 2008, Och-Ziff Employee 6 received an e-mail that attached the initial findings of the due diligence firm, which stated, among other things:

> [DRC Partner] has been willing to use his significant political influence with [DRC Official 1]. . . and his clique to facilitate acquisitions, settle disputes and frustrate competitors. . . . [DRC Partner] was rumoured to have used his influence with [DRC Official 2], [DRC Official 1's] closest aide, and former Katanga governor in order to settle [a commercial] dispute in his favor. . . . Several compliance Watch Lists identify [DRC Partner] as a political [sic] exposed individual as a result of his close ties to the DRC government. He is known to enjoy an extremely close relationship with [DRC Official 1]. . . . He is happy to use his political influence against those with whom he is in dispute. . . . Whether through good PR and legal advice or indeed innocence, no allegations against him have yet been proved. That said, he has been named in a UN report [and] keeps what can only be described as unsavory business associates.

20. Based upon the report, and other publicly available information, various Och-Ziff senior employees had concerns about proceeding with any transaction with DRC Partner. For example, Och-Ziff Employee 6 did not believe Och-Ziff should do business with DRC Partner and expressed to Och-Ziff Employee 3 strong concerns about doing business with DRC Partner. Separately, Och-Ziff Employee 2 had come to believe that it was likely that DRC Partner was able to operate and acquire assets in the DRC because he paid bribes to officials. In or about late February 2008, several members of Och-Ziff senior management advised Och-Ziff Employee 1 that although there was no strict legal or regulatory prohibition on doing business with DRC Partner, such as DRC Partner having being designated by the Office of Foreign Assets Control on a prohibited persons list, they recommended not undertaking transactions with him. Thereafter, Och-Ziff proceeded to conduct several business transactions with DRC Partner in the DRC.

21. Och-Ziff Employee 6 also forwarded the due diligence report on DRC Partner to an outside attorney representing Och-Ziff on anti-corruption issues. The outside attorney advised that providing a convertible loan to DRC Partner would be high-risk, but that there would be "no [anti-money laundering] or anti-corruption issue" as long as DRC Partner "has no discretion with regard to how to spend the proceeds of the loan." As described below, the subsequent agreements provided DRC Partner with a significant amount of discretion over the use of the loan proceeds.

22. In or about and between March 2008 and February 2011, Och-Ziff entered into several DRC-related transactions with DRC Partner: (1) an April 2008 purchase of approximately $150 million of shares in a publicly traded DRC-focused mining company controlled by DRC Partner ("Company A"); (2) a $124 million convertible loan through a subsidiary company and AGC to "Company B," a DRC Partner-controlled shell entity, funded in or about and between April and October 2008 (the "Convertible Loan Agreement"); and (3) a $130 million margin loan to Company C, a DRC Partner-controlled shell entity, in November 2010 and February 2011 (the "Margin Loan Agreement"). Leading up to and through these transactions, Och-Ziff Employee 3 and Och-Ziff Employee 5 were made aware of and participated in the corrupt payments, using funds provided by Och-Ziff to Company B and Company C, that DRC Partner made to various DRC officials to secure mining interests in the DRC.

C. The Bribery Scheme to Consolidate DRC Copper Mines

23. The first aspect of Och-Ziff s partnership with DRC Partner involved Och-Ziff, the defendant OZ AFRICA or AGC structuring and funding simultaneous investments into two companies controlled by DRC Partner: Company A and Company B. On or about March 7, 2008, Och-Ziff Employee 3 e-mailed a description of the first part of this plan to Och-Ziff Employee 1. In the e-mail, Och-Ziff Employee 3 stated that there would be three upcoming transactions requiring Och-Ziff funds. First, Och-Ziff would buy $150 million of new shares to be issued by Company A, controlled by DRC Partner, which Och-Ziff Employee 3 described as "the second biggest copper company in DRC." Second, DRC Partner would offer AGC 50 percent of a nearby copper and cobalt mine "at a very attractive price," and AGC would likely invest up to $200 million in it. Third, AGC and DRC Partner would buy 55 percent of a company called Africo Resources Limited ("Africo"), which owned a copper asset "next door" to DRC Partner's copper and cobalt mine. Och-Ziff Employee 3 wrote that the "[g]ame plan is to eventually merge [the copper and cobalt mine] and Africo into [Company A] for stock and control the company jointly with [DRC Partner]."

24. Africo was a Canadian mining company engaged in a dispute concerning its ownership interest in a DRC copper mine (the "DRC Mine"). The dispute involved a Congolese company called Akam Mining SPRL ("Akam"), which had obtained an ex parte default judgment against Africo following an employment dispute. In fact, DRC Official 2 had orchestrated the taking of Africo's interest in the DRC Mine and made it available to DRC Partner. Africo had engaged in legal proceedings in the DRC courts to try to nullify the seizure of its interest in the DRC Mine, which remained pending in March 2008.

25. On or about March 16, 2008, Och-Ziff Employee 3 received an e-mail from DRC Partner, which stated in part:

> As you can see, our only real point is this flexibility. The DRC landscape is in the making and I am shaping it—like no one else. I would love to have you beside me as a long-term partner. As 40% [Company A] shareholder, I facilitated your entry at an attractive time / price knowing that you see there is a bigger picture in all of this. What this bigger picture exactly looks like, is yet to be determined, but it is your partner who is holding the pen—I just need flexibility on the drawing board to create full value for our partnership.

26. Following DRC Partner's negotiations on behalf of Och-Ziff, on or about March 27, 2008, Och Ziff entered into a supplemental subscription agreement with Company A, as contemplated in Och-Ziff Employee 3's e-mails above, to purchase a total of 150 million shares for a total of approximately $150 million. The stated purpose of the offering by Company A, to which Och-Ziff subscribed, was to raise capital to fund the company's ongoing mining efforts in the DRC. That same day, on or about March 27, 2008, DRC Partner caused $11 million to be delivered to DRC Official 2.

27. Och-Ziff and DRC Partner agreed on a multi-step plan to obtain the disputed mining interest by acquiring Akam using Och-Ziff funds, and then settling the legal dispute over the DRC Mine. As part of its agreement, Och-Ziff, through AGC, provided Company B with significant financing to carry out the resolution of the DRC legal dispute and to gain control of Africo. This financing was provided through the Convertible Loan Agreement, which was originally intended to be approximately $115 million, funded in two tranches of $15 million and $100 million.

28. On or about April 3, 2008, Och-Ziff Employee 5 sent an e-mail to Och-Ziff Employee 3 and others seeking approval to fund the first tranche under the Convertible Loan Agreement, in the amount of $15 million, to acquire Akam.

29. On or about April 7, 2008, DRC Partner caused $2.2 million to be delivered to DRC Official 2, and on or about April 10, 2008, DRC Partner caused $2.8 million to be delivered to DRC Official 2.

30. On or about April 17, 2008, Och-Ziff, through AGC, funded the first tranche of the Convertible Loan Agreement through wire transfers from New York. This first tranche of $15.750 million was funded purportedly to acquire Akam, make a shareholder loan to Africo, and pay legal expenses. A few days later, on or about April 21, 2008, Africo announced that it reached an agreement with Company B for a private placement of CAD $100 million that would result in Company B (i.e., DRC Partner's company) owning approximately 60 percent of Africo. This agreement required the approval of Africo's shareholders.

D. Bribes Resolve Africo and Akam Dispute in DRC

31. DRC Partner caused bribes to be paid to DRC officials, including judges, to ensure that Africo did not obtain a favorable court ruling in its case against Akam that could have affected the outcome of the Africo shareholder vote.

32. On or about June 4, 2008, DRC Partner and one of his associates arranged to pay $500,000 to DRC officials, including judges, who were involved in the Africo court case to corruptly influence the outcome of those proceedings to the benefit of Och-Ziff and DRC Partner. The associate sent a text message to DRC Partner, which read:

> Hi [DRC Partner], im with the main lawyer. . . in the africo story, he has to arrange with supreme court, attorney genral [sic] and magistrates, he wants 500 to give to all the officials and 600 for 3 lawyers cabinets that worked on the file in defense[lawyer] and batonnier [lawyer]. the converstaion is vey tough. (while talking i said to ask money to [one of the Akam shareholders], [the Akam shareholder] said he cant because most of the money has to go to [DRC Official 2]. . . i dont know if he wants to provoke me or it was something [the Akam shareholder] invented…) but they are now at 1,1 in total.

33. On or about June 4, 2008, the associate sent another text message to DRC Partner, which stated: "he wants 500 for officials, 300 for them (3 lawyers office), 800 and in even in one month an extra 100 to make 900, he is very categoric[.]" Approximately thirty minutes later, the associate sent a text message to DRC Partner, which stated: "with 800 they guarantee the results and they want me to promise that i will add 100 after." Less than one minute later, DRC Partner responded to the associate's text message, writing: "We can't accept a mid result. . . Africo must be screwd and finished totally!!!!"

34. On or about June 5, 2008, an associate of DRC Partner sent a text message to DRC Partner, which stated: "[lawyer] has met attorney general and the magistrat[e] that has to write the opinion, he also had contact with the 3 judges of supreme court. they got clear instructions to rewrite the opinion and to make sure that akam wins. they also agreed to do the lecture of the opinion on JUNE .13!"

35. On or about June 12, 2008, Africo announced that its shareholders had voted to approve the private placement by DRC Partner through Company B.

36. On or about June 18, 2008, DRC Partner caused $2.5 million to be delivered to DRC Official 2.

E. Och-Ziff Learns of Allegations of Serious Misconduct Involving Company A and then Provides DRC Partner an Additional $109 Million

37. On or about June 13, 2008, Och-Ziff Employee 3 and Och-Ziff Employee 5 learned of allegations that a significant portion of the money that had been invested in Company A through the April 2008 private placement may have been diverted from a mining investment to a political party in Zimbabwe. Och-Ziff Employee 3 received a message which stated: "[Company A] paid 4 arms into zim, and rented boat from china. Journo has bank transfers apparently." Neither Och-Ziff Employee 3 nor Och-Ziff Employee 5 reported this matter to Och-Ziff's legal and compliance employees nor undertook efforts to determine whether the funds had been used as described in the message.

38. On or about June 24, 2008, Och-Ziff, through AGC, funded the second tranche of the Convertible Loan Agreement totaling $98.275 million. The purpose of this tranche was to allow Company B to acquire the Africo shares and gain control over Africo.

39. On or about July 10, 2008, Och-Ziff Employee 3 sent an e-mail to another Och-Ziff employee that read: "U have [Och-Ziff Employee 5's] mobile. [DRC Partner] just got a big asset for us."

40. Later that month, on or about July 24, 2008, Och-Ziff, AGC and DRC Partner amended the Convertible Loan Agreement to provide for a $9 million third tranche for "financing the working capital requirements. . . . to the extent such requirements are in accordance with the Business Plan." Och-Ziff Employee 3 and Och-Ziff Employee 5 knew that the operating expenses for Company B's business plan included paying bribes to high-level DRC officials.

41. On or about October 9, 2008, Och-Ziff funded its share of the third tranche of the Convertible Loan Agreement totaling $4.5 million while the joint-venture partner in AGC contributed the remaining $4.5 million.

F. Och-Ziff's Audit Uncovers Bribery in DRC Partner's Operations

42. In or about November 2008, AGC employees who were based in South Africa and reported to Och-Ziff Employee 5 conducted an audit of Company B's expenses to ensure that the third tranche of the Convertible Loan Agreement was properly spent. These AGC employees were given limited access to DRC Partner's business records. Their draft audit report, which was sent to Och-Ziff Employee 5 and another Och-Ziff employee, included the following paragraph:

> Satisfactory answers could not be extracted during my discussions (with [DRC Partner's employees]) for some of these expenses and it leads one to believe that these are actually the costs of maintaining "political alignment" and for "protocol" with the authorities in the DRC — in other words with senior Government officials. **This issue needs to be investigated at the highest level directly with [DRC Partner's company]. This issue should be flagged as a concern considering AGC's compliance requirements.** (emphasis in original)

43. After reviewing the draft audit report, Och-Ziff Employee 5 spoke with one of the employees who drafted it and instructed that the above-described paragraph referencing payments for "political alignment" with senior government officials be removed from the report. The employee did as instructed by Och-Ziff Employee 5, and on or about December 9, 2008, the employee sent an e-mail to Och-Ziff Employee 5, which stated, in part: "[Och-Ziff Employee 5,] As discussed please find attached the revised report[.]" The attached revised report did not contain the paragraph that referenced payments to senior government officials.

G. Och-Ziff and DRC Partner Find a Buyer for DRC Assets

44. Och-Ziff, through the defendant OZ AFRICA's controlled entities, and AGC did not exercise the option to convert into equity in Company B, did not require payment on the loan when it was due to be repaid in full on or about April 24, 2009, and did not seek to exercise its rights on the collateral of the loan. Instead, the repayment dates for the Convertible Loan Agreement were continually extended until a publicly traded mining company ("Mining Company 1"),purchased Company B.

45. To attract a buyer for Company B, Och-Ziff Employee 5 worked with DRC Partner to obtain additional assets to inject into or sell alongside Company B, including assets known as Kolwezi Tailings and SMKK. Och-Ziff knew that Kolwezi Tailings had been stripped by the DRC government from a mining company immediately before being obtained by a group of companies controlled by DRC Partner and the DRC government. Och-Ziff also knew that the SMKK asset was the subject of a back-to-back sale that allowed DRC Partner to purchase the asset for $15 million from the DRC-owned and controlled mining company, La Générale des Carrières et des Mines ("Gécamines"), and immediately resell it to Mining Company 1 for $75 million even though Mining Company 1 had the right of first refusal to buy that same interest directly from Gécamines.

46. Throughout the period of DRC Partner's acquisition of Kolwezi Tailings and SMKK, DRC Partner continued to make corrupt payments to DRC Official 2. For example, on or about December 23, 2009, DRC Partner delivered $1 million to DRC Official 2; on or about January 5, 2010, DRC Partner delivered $2 million to DRC Official 2.

47. On or about August 20, 2010, Mining Company 1 acquired 50.5 percent of Company B. Mining Company 1 agreed to pay up to $575 million over two years, including $50 million in cash. Och-Ziff Employee 3 and Och-Ziff Employee 5 were informed by a co-conspirator that the $50 million was for DRC Partner to "use on the ground" to corruptly acquire Kolwezi Tailings. As part of the deal, Mining Company 1 guaranteed repayment of the Convertible Loan Agreement through a novation of the loan.

48. Following the novation of the Convertible Loan Agreement, Och-Ziff continued to provide DRC Partner with financing in exchange for deal flow of investment opportunities in the DRC, per their original agreement.

H. Och-Ziff Provides DRC Partner an Additional $130 Million

49. On or about November 11, 2010, Och-Ziff Employee 3 sent an e-mail to another Och-Ziff employee, which stated: "[DRC Partner] has asked for a margin loan on katanga shares which want u to handle."

50. On or about November 16, 2010, an Och-Ziff employee sent a draft term sheet for the loan to Och-Ziff Employee 3, who then forwarded it on to DRC Partner. The parties then negotiated the terms of the loan. DRC Partner's representatives stressed that they would need to make intercompany loans with the proceeds of the loan and that any "use of proceeds" provision in the loan document would have to be generic.

51. On or about November 18, 2010, Och-Ziff incorporated a new Cayman Islands based partnership called CML Investments Ltd. ("CML"). CML was controlled by Och-Ziff.

52. On or about November. 24, 2010, Och-Ziff, in two separate transfers through CML, extended a $110 million margin loan to Lora Enterprises Limited ("Lora"), a DRC-Partner-controlled company. The use of proceeds provision allowed for: "(ii) funding existing activities of Affiliates of the Borrower and acquisitions of other business interests by its Affiliates; and (iii) other general purposes of the Borrower's Affiliates."

53. On or about February 17, 2011, CML and Lora agreed to an amended and restated margin loan agreement which increased the amount of funding available to Lora by an additional $20 million.

54. In or about and between November 2010 and February 2011, DRC Partner caused approximately $20 million in corrupt payments to be made to various DRC officials, including the following payments made on or about the following dates:

Date	Amount in USD -	Bribe Recipient
December 1, 2010	$1 million	DRC Official 1
December 3, 2010	$2 million	DRC Official 1
December 7, 2010	$2 million	DRC Official 1
December 9, 2010	$2 million	DRC Official 1
December 15, 2010	$350,000	DRC Official 2
December 17, 2010	$250,000	DRC Official 2
January 13, 2011	$500,000	DRC Official 2
February 9, 2011	$3 million	DRC Official 1
February 9, 2011	$1 million	DRC Official 2

55. On or about February 12, 2012, DRC Official 2 died. On or about February 13, 2012, Och-Ziff Employee 5 sent an e-mail message to Och-Ziff Employee 3, which stated: "FYI, [DRC Official 2 is] dead, [DRC Partner's] key guy in DRC." Och-Ziff Employee 5's e-mail included the text of a Financial Times article on the official's death, which stated, among other things: "[DRC Official 2], member of parliament and a former governor of Congo's copper heartlands province, Katanga, cut a shadowy figure. Diplomats associate him with Congo's entrenched corruption and a series of secret investments. Congo is one of the world's poorest countries despite its mineral wealth, and ranks among the worst places to do business."

56. On or about February 15, 2012, DRC Partner sent a text message to Och-Ziff Employee 5, which stated, "I'm fine. . . sad but fine. . . I will have to help [DRC Official 1] much more now. . . tomorrow the burial will take place."

57. On or about February 12, 2013, Och-Ziff Employee 2, while in New York, New York, signed a draw down notice directing an entity under the management and control of the defendant OZ AFRICA to transfer approximately $160,077,301.77, which represented the proceeds of the Convertible Loan Agreement to each of "OZ Africa MD," "OZ Africa ME," and "OZ Africa SI" funds. These funds were based in the Cayman Islands and under the control of Och-Ziff and the Och-Ziff Hedge Funds.

58. In total, Och-Ziff received wire transfers of $342,091,110 from DRC Partner-controlled companies as satisfaction of the outstanding agreements, representing a profit of approximately $91,181,182.

WMP/JPL/LRT:JPM/JPL/DP
F. #2012R01716

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

---X

UNITED STATES OF AMERICA

- against —

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC,

Defendant.

---X

DEFERRED PROSECUTION AGREEMENT

Cr. No. 16-516 (NGG)

Defendant Och-Ziff Capital Management Group LLC ("Och-Ziff" or the "Company"), pursuant to authority granted by the Company's Board of Directors, and the United States Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the Eastern District of New York (collectively, the "Offices"), enter into this deferred prosecution agreement (the "Agreement").

CRIMINAL INFORMATION AND ACCEPTANCE OF RESPONSIBILITY

1. The Company acknowledges and agrees that the Offices will file the attached four-count criminal Information in the United States District Court for the Eastern District of New York charging the Company with two counts of conspiracy to commit offenses against the United States in violation of Title 18, United States Code, Section 371, that is, to violate the anti-bribery provisions of the Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, Title 15, United States Code, Section 78dd-1, one count of violating the books and records provisions of the FCPA, in violation of Title 15, United States Code, Sections 78m(b)(2)(A), (b)(4), (b)(5), and 78ff(a), and one count of violating the internal controls provision of the FCPA, in violation of Title 15, United States Code, Sections 78m(b)(2)(B), (b)(4), (b)(5) and 78ff(a). In so doing, the Company: (a) knowingly waives its right to indictment on these charges, as well as all rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b); and (b) knowingly waives any objection with respect to venue to any charges by the United States arising out of the conduct described in the Statement of Facts, which is attached to this Agreement as Attachment A ("Statement of Facts"), and consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the Eastern District of New York. The Offices agree to defer prosecution of the Company pursuant to the terms and conditions described below.

2. The Company admits, accepts, and acknowledges that it is responsible under United States law for the acts of its officers, directors, employees, and agents as charged in the Information, and as set forth in the Statement of Facts, and that the allegations described in the Information and the facts described in the Statement of Facts are true and accurate. Should the Offices pursue the prosecution that is deferred by this Agreement, the Company stipulates to the admissibility of the Statement of Facts in any proceeding, including any trial, guilty plea, or sentencing proceeding, and will not contradict anything in the Statement of Facts at any such proceeding.

TERM OF THE AGREEMENT

3. This Agreement is effective for a period beginning on the date on which the Information is filed and ending three (3) years from the later of the date on which the Information is filed or the date on which the independent compliance monitor (the "Monitor") is retained by the Company, as described in Paragraphs 11 through 13 below (the "Term"). The Company agrees, however, that, in the event the Offices determine in their sole discretion, that the Company has knowingly violated any provision of this Agreement, an extension or extensions of the term of the Agreement may be imposed by the Offices, in their sole discretion, for up to a total additional time period of one year, without prejudice to the Offices' right to proceed as provided in Paragraphs 16 through 19 below. Any extension of the Agreement extends all terms of this Agreement, including the terms of the independent compliance monitorship set forth in Attachment D for an equivalent period, Conversely, in the event the Offices find, in their sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the monitorship in Attachment D, and that the other provisions of this Agreement have been satisfied, the Term of the Agreement may be terminated early. If the Court rejects the Agreement, all the provisions of the Agreement shall be deemed null and void, and the Term shall be deemed to have not begun.

RELEVANT CONSIDERATIONS

4. The Offices enter into this Agreement based on the individual facts and circumstances presented by this case, including:

a. The Company did not voluntarily self-disclose the offense conduct to the Offices, and as a result the Company was not eligible for a more significant discount on the fine amount or the form of resolution;

b. The Company received credit, in addition to the two-point downward adjustment to the Sentencing Guidelines, of 20 percent off of the bottom of the Sentencing Guidelines range for its cooperation with the Offices' investigation, including its Audit Committee's very thorough and comprehensive internal investigation through counsel which included regular reports to the Offices, Company counsel's collection and production of voluminous evidence located in foreign countries, and efforts to make current and former employees available for interviews. The Company did not receive additional credit because of issues that resulted in a delay to the early stages of the investigation, including failures to produce important, responsive documents on a timely basis; and in some instances producing documents only after the Offices flagged for the Company that the documents existed and should be produced, and providing documents to other defense counsel prior to their production to the government;

c. By the conclusion of the investigation, the Company had provided to the Offices all relevant facts known to it, including information about individuals involved in the offense conduct;

d. The Company engaged in significant remediation to improve is compliance program and internal controls, and the Company has committed to continue to enhance its compliance program and internal controls, including ensuring that they satisfy the minimum elements of the corporate compliance program set forth in Attachment C to this Agreement;

e. In addition to the Company's remedial efforts, the Company has agreed to the imposition of an independent compliance monitor to prevent the reoccurrence of the misconduct;

f. The seriousness of the offense conduct including the high-dollar amount of bribes paid to foreign officials, conduct in multiple, high-risk jurisdictions, and the fact that the bribery occurred at a high level within the Company;

g. The Company has no prior criminal history; and

h. The Company has committed to continuing to cooperate with the Offices as described in Paragraph 5 below.

FUTURE COOPERATION AND DISCLOSURE REQUIREMENTS

5. The Company shall cooperate fully with the Offices in any and all matters relating to the conduct described in this Agreement and the Statement of Facts, and any individual or entity referred to therein, as well as other conduct related to corrupt payments, false books, records, and accounts, the failure to implement adequate internal accounting controls, investment. adviser fraud, wire fraud, obstruction of justice, and money laundering, subject to applicable law and regulations, until the later of the date upon which all investigations and prosecutions arising out of such conduct are concluded, or the end of the Term. At the request of the Offices, the Company shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies, as well as the Multilateral Development Banks("MDBs"), in any investigation of the Company, its parent company or its affiliates, or any of its present or former officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to corrupt payments, false books, records, and accounts, and the failure to implement adequate internal accounting controls. The Company agrees that its cooperation pursuant to this paragraph shall include, but not be limited to, the following:

a. The Company shall truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or work product doctrine with respect to its activities, those of its parent company and affiliates, and those of its present and former directors, officers, employees, agents, and consultants, including any evidence or allegations and internal or external investigations, about which the Company has any knowledge or about which the Offices may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Company to provide to the Offices, upon request, any document, record or other tangible evidence about which the Offices may inquire of the Company;

b. Upon request of the Offices, the Company shall designate knowledgeable employees, agents or attorneys to provide to the Offices the information and materials described in Paragraph 5(a) above on behalf of the Company. It is further understood that the Company must at all times provide complete, truthful, and accurate information;

c. The Company shall use its best efforts to make available for interviews or testimony, as requested by the Offices, present or former officers, directors, employees, agents and consultants of the Company. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation under this Paragraph shall include identification of witnesses who, to the knowledge of the Company, may have material information regarding the matters under investigation; and

d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Offices pursuant to this Agreement, the Company consents to any and all disclosures, subject to applicable law and regulations, to other governmental authorities, including United States authorities and those of a foreign government, as well as the MDBs, of such materials as the Offices, in their sole discretion, shall deem appropriate.

6. In addition to the obligations in Paragraph 5 above, during the Term of the Agreement, should the Company learn of credible evidence or allegations of corrupt payments, false books, records, and accounts, and the failure to implement adequate internal accounting controls, the Company shall promptly report such evidence or allegations to the Offices.

PAYMENT OF MONETARY PENALTY

7. The Offices and the Company agree that application of the United States Sentencing Guidelines ("USSG" or "Sentencing Guidelines") to determine the applicable fine range yields the following analysis:

a. The 2015 USSG are applicable to this matter.

b. Offense Level—Bribery Conduct (Highest Offense Level). Based upon USSG § 2C1.1 and the absence of any increase in the offense level under § 3D1.4, the total offense level is 44, calculated as follows:

(a)(2)	Base Offense Level	12
(b)(1)	Multiple Bribes	+2
(b)(2)	Value of benefit received more than $150,000,000	+26
(b)(3)	High Level Official Involved	+4
Total Offense Level		44

c. Base Fine. Based upon USSG § 8C2.4(a)(2), the base fine is $221,933,010 (the amount of pecuniary gain).

d. Culpability Score. Based upon USSG § 8C2.5, the culpability score is 6, calculated as follows:

(a)	Base Culpability Score	5
(b)(3)	the organization had 200 or more employees and an individual within high-level personnel of the organization participated in, condoned, or was willfully ignorant of the offense	+3
(g)(2)	The organization fully cooperated in the investigation and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct	–2
TOTAL		6

Calculation of Fine Range:

Base Fine	$221,933,010
Multipliers	1.2 (min)/2.4 (max)
Fine Range	$266,319,612 to $532,639,224

The Company, directly or through an affiliate, agrees to transfer the monetary penalty of $213,055,689 into an escrow account within ten (10) days of the execution of this agreement for the benefit of the United States Treasury. The monetary penalty in the amount of $213,055,689 shall be released from the escrow account to the United States Treasury within ten (10) days of the entry of the judgment against OZ Africa Management GP, LLC, in connection with its guilty plea, pursuant to a plea agreement, in the United States District Court for the Eastern District of New York filed simultaneously herewith. The parties agree that any criminal fine that might be imposed by the Court against OZ Africa Management GP, LLC, in connection with its guilty plea and plea agreement, will be paid from the $213,055,689 monetary penalty held in the escrow account and that any remaining balance will be transferred from the escrow account within ten (10) days of entry of the judgment to the United States Treasury. The Company and the Offices agree that the monetary penalty is appropriate given the facts and circumstances of this case, including the factors described in Paragraph 4 above. The $213,055,689 monetary penalty is final and shall not be refunded. Furthermore, nothing in this Agreement shall be deemed an agreement by the Offices that the $213,055,689 monetary penalty is the maximum penalty that may be imposed in any future prosecution, and the Offices are not precluded from arguing in any future prosecution that the Court should impose a higher fine, although the Offices agree that under those circumstances, they will recommend to the Court that any amount paid under this Agreement should be offset against any fine the Court imposes as part of a future judgment. The Company acknowledges that no tax deduction may be sought in connection with the payment of any part of this $213,055,689 million monetary penalty. The Company shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source with regard to the penalty or disgorgement amounts that the Company pays pursuant to this Agreement or any other agreement concerning the conduct set forth in the Statement of Facts entered into with an enforcement authority or regulator.

CONDITIONAL RELEASE FROM LIABILITY

8. Subject to Paragraphs 16 through 19 below, the Offices agree, except as provided in this Agreement, that they will not bring any criminal or civil case against the Company or any of its current or former wholly-owned subsidiaries relating to any of the conduct described in either the Statement of Facts or the criminal Information filed pursuant to this Agreement. This Agreement does not provide any protection against prosecution for any future conduct by the Company. In addition, this Agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with the Company. The Offices, however, may use any information related to the conduct described in the Statement of Facts against the Company:

a. in a prosecution for perjury or obstruction of justice;

b. in a prosecution for making a false statement;

c. in a prosecution or other proceeding relating to any crime of violence; or

d. in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code.

CORPORATE COMPLIANCE PROGRAM

9. The Company represents that it has implemented and will continue to implement a compliance and ethics program throughout their operations, including those of its affiliates, agents, and joint ventures, and those of its contractors and subcontractors whose responsibilities include interacting with foreign officials or other activities carrying a high risk of corruption, designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws.

10. In order to address any deficiencies in its internal accounting controls, policies, and procedures, the Company represents that it has undertaken, and will continue to undertake in the future, in a manner consistent with all of its obligations under this Agreement, a review of its existing internal accounting controls, policies, and procedures regarding compliance with the FCPA and other applicable anti-corruption laws. If necessary and appropriate, the Company will adopt new or modify existing internal controls, policies, and procedures in order to ensure that the Company maintains: (a) a system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts; and (b) rigorous anti-corruption compliance code, standards, and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. The internal accounting controls system and compliance code, standards, and procedures will include, but not be limited to, the minimum elements set forth in Attachment C.

INDEPENDENT COMPLIANCE MONITOR

11. Promptly after the Offices' selection pursuant to Paragraph 12 below, the Company agrees to retain a Monitor for the term specified in Paragraph 13 below. The Monitor's duties and authority, and the obligations of the Company with respect to the Monitor and the Offices, are set forth in Attachment D, which is incorporated by reference into this Agreement. Upon the execution of this Agreement, and after consultation with the Offices, the Company will propose to the Offices a pool of three (3) qualified candidates to serve as the Monitor. If the Offices determine, in their sole discretion, that any of the candidates are not, in fact, qualified to serve as the Monitor, or if the Offices, in their sole discretion, are not satisfied with the candidates proposed, the Offices reserve the right to seek additional nominations from the Company. The Monitor candidates or their team members shall have, at a minimum, the following qualifications:

a. demonstrated expertise with respect to the FCPA and other applicable anti-corruption laws, including experience counseling on FCPA issues;

b. experience designing and/or reviewing corporate compliance policies, procedures and internal controls, including FCPA and anti-corruption policies, procedures and internal controls;

c. the ability to access and deploy resources as necessary to discharge the Monitor's duties as described in the Agreement; and

d. sufficient independence from the Company to ensure effective and impartial performance of the Monitor's duties as described in the Agreement.

12. The Offices retain the right, in their sole discretion, to choose the Monitor from among the candidates proposed by the Company, though the Company may express its preference(s) among the candidates. In the event the Offices reject all proposed Monitors, the Company shall propose an additional three candidates within thirty (30) calendar days after receiving notice of the rejection. This process shall continue until a Monitor acceptable to both parties is chosen. The Offices and the Company will use their best efforts to complete the selection process within sixty (60) calendar days of the filing of the Agreement and the accompanying Information. If the Monitor resigns or is otherwise unable to fulfill his or her obligations as set out herein and in Attachment D, the Company shall within thirty (30) calendar days recommend a pool of three qualified Monitor candidates from which the Offices will choose a replacement.

13. The Monitor's term shall be three (3) years from the date on which the Monitor is retained by the Company, subject to extension or early termination as described in Paragraph 3 above. The Monitor's powers, duties, and responsibilities, as well as additional circumstances that may support an extension of the Monitor's term, are set forth in Attachment D. The Company agrees that it will not employ or be affiliated with the Monitor or the Monitor's firm for a period of at least two (2) years from the date on which the Monitor's term expires. Nor will the Company discuss with the Monitor or the Monitor's firm the possibility of further employment or affiliation during the Monitor's term.

DEFERRED PROSECUTION

14. In consideration of the undertakings agreed to by the Company herein, the Offices agree that any prosecution of the Company for the conduct set forth in the Statement of Facts, and for the conduct that the Company disclosed to the Offices prior to the signing of this Agreement, be and hereby is deferred for the Term. To the extent there is conduct disclosed by the Company that the parties have specifically discussed and agreed is not covered by this Agreement, such conduct will not be exempt from further prosecution and is not within the scope of or relevant to this Agreement.

15. The Offices further agree that if the Company fully complies with all of its obligations under this Agreement, the Offices will not continue the criminal prosecution against the Company described in Paragraph 1 above and, at the conclusion of the Term, this Agreement shall expire. Within six (6) months of the Agreement's expiration, the Offices shall seek dismissal with prejudice of the criminal Information filed against the Company described in Paragraph 1 above, and agrees not to file charges in the future against the Company based on the conduct described in this Agreement and the Statement of Facts.

BREACH OF THE AGREEMENT

16. If, during the Term, the Company: (a) commits any felony under U.S. federal law; (b) provides in connection with this Agreement deliberately false, incomplete, or misleading information, including in connection with its disclosure of information about individual culpability; (c) fails to cooperate as set forth in Paragraphs 5 and 6 of this Agreement; (d) fails to implement a compliance program as set forth in Paragraphs 9 and 10 of this Agreement and Attachment C; (e) commits any acts that, had they occurred within the jurisdictional reach of the FCPA, would be a violation of the FCPA; or (f) otherwise fails specifically to perform or to fulfill completely each of the Company's obligations under the Agreement, regardless of whether the Offices become aware of such a breach after the Term is complete, the Company shall thereafter be subject to prosecution for any federal criminal violation of which the Offices have knowledge, including, but not limited to, the charges in the Information described in Paragraph 1 above and charges that arise from the conduct set forth in the Statement of Facts, which may be pursued by the Offices in the United States District Court for the Eastern District of New York or any other appropriate venue. Determination of whether the Company has breached the Agreement and whether to pursue prosecution of the Company shall be in the Offices' sole discretion. Any such prosecution may be premised on information provided by the Company or its personnel. Any such prosecution relating to the conduct described in the Statement of Facts or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the Company, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, the Company agrees that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year. In addition, the Company agrees that the statute of limitations as to any violation of federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Offices are made aware of the violation or the duration of the Term plus five years, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

17. In the event the Offices determine that the Company has breached this Agreement, the Offices agree to provide the Company with written notice prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, the Company shall have the opportunity to respond to the Offices in writing to explain the nature and circumstances of the breach, as well as the actions the Company has taken to address and remediate the situation, which the Offices shall consider in determining whether to pursue prosecution of the Company.

18. In the event that the Offices determine that the Company has breached this Agreement: (a) all statements made by or on behalf of the Company to the Offices or to the Court, including the Statement of Facts, and any testimony given by the Company before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Offices against the Company; and (b) the Company shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that any such statements or testimony made by or on behalf of the Company prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, the Company, will be imputed to the Company for the purpose of determining whether the Company has violated any provision of this Agreement shall be in the sole discretion of the Offices.

19. The Company acknowledges that the Offices have made no representations, assurances, or promises concerning what sentence may be imposed by the Court if the Company breaches this Agreement and this matter proceeds to judgment. The Company further acknowledges that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion.

20. Thirty (30) days after the expiration of the period of deferred prosecution specified in this Agreement, the Company, by the Chief Executive Officer of the Company and the Chief Financial Officer of the Company, will certify to the Department that the Company has met its disclosure obligations pursuant to Paragraph 6 of this Agreement. Each certification will be deemed a material statement and representation by the Company to the executive branch of the United States for purposes of 18 U.S.C. § 1001, and it will be deemed to have been made in the judicial district in which this Agreement is filed.

SALE, MERGER, OR OTHER CHANGE IN CORPORATE FORM OF COMPANY

21. Except as may otherwise be agreed by the parties in connection with a particular transaction, the Company agrees that in the event that, during the Term, it undertakes any change in corporate form, including if it sells, merges, or transfers business operations that are material to the Company's consolidated operations, or to the operations of any subsidiaries or affiliates involved in the conduct described in the Statement of Facts, as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, transfer, or other change in corporate form, it shall include in any contract for sale, merger, transfer, or other change in corporate form a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement. The Company shall obtain approval from the Offices at least thirty (30) days prior to undertaking any such sale, merger, transfer, or other change in corporate form, including dissolution, in order to give the Offices an opportunity to determine if such change in corporate form would impact the terms or obligations of the Agreement.

PUBLIC STATEMENTS BY COMPANY

22. The Company expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for the Company, make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Company set forth above or the conduct described in the Statement of Facts. Any such contradictory statement shall, subject to cure rights of the Company described below, constitute a breach of this Agreement, and the Company thereafter shall be subject to prosecution as set forth in Paragraphs 16 through 19 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the Statement of Facts will be imputed to the Company for the purpose of determining whether it has breached this Agreement shall be at the sole discretion of the Offices. If the Offices determine that a public statement by any such person contradicts in whole or in part the conduct described in the Statement of Facts, the Offices shall so notify the Company, and the Company may avoid a breach of this Agreement by publicly repudiating such statement(s) within five (5) business days after notification. The Company shall be permitted to raise defenses and to assert affirmative claims in other proceedings relating to the matters set forth in the Statement of Facts provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the Statement of Facts. This paragraph does not apply to any statement made by any present or former officer, director, employee, or agent of the Company in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of the Company.

23. The Company agrees that if it, or any of its direct or indirect subsidiaries or affiliates, issues a press release or holds any press conference in connection with this Agreement, the Company shall first consult with the Offices to determine: (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Offices and the Company; and (b) whether the Offices have any objection to the release.

24. The Offices agree, if requested to do so, to bring to the attention of law enforcement and regulatory authorities the facts and circumstances relating to the nature of the conduct underlying this Agreement, including the nature and quality of the Company's cooperation and remediation. By agreeing to provide this information to such authorities, the Offices are not agreeing to advocate on behalf of the Company, but rather are agreeing to provide facts to be evaluated independently by such authorities.

LIMITATIONS ON BINDING EFFECT OF AGREEMENT

25. This Agreement is binding on the Company and the Offices but specifically does not bind any other component of the Department of Justice, other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Offices will bring the cooperation of the Company and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by the Company.

NOTICE

26. Any notice to the Offices under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to Chief, FCPA Unit, Fraud Section, Criminal Division, United States Department of Justice, 1400 New York Avenue, Washington, D.C. 20530; Chief, Business and Securities Fraud Section, United States Attorney's Office, Eastern District of New York, 271-A Cadman Plaza East, Brooklyn, New York 11201. Any notice to the Company under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to David M. Becker, Esq., Chief Legal Officer, Och-Ziff Capital Management Group LLC, 9 West 57th Street, New York, New York 10019, with a copy to Mark K. Schonfeld, Esq., Gibson, Dunn & Crutcher LLP, 200 Park Ave, New York, New York 10166. Notice shall be effective upon actual receipt by the Offices or the Company.

COMPLETE AGREEMENT

27. This Agreement, including its attachments, sets forth all the terms of the agreement between the Company and the Offices. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Offices, the attorneys for the Company and a duly authorized representative of the Company.

AGREED:

FOR OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC:

/S/ David M. Becker
David M. Becker, Esq.
Chief Legal Officer
Och-Ziff Capital Management Group LLC

/S/ Mark K. Schonfeld
Mark K. Schonfeld, Esq.
Joel M. Cohen, Esq.
Lee G. Dunst, Esq.
F. Joseph Warin, Esq.
Gibson Dunn & Crutcher LLP
Counsel to the Company

Date: September 29, 2016

FOR THE U.S. DEPARTMENT OF JUSTICE:

ROBERT CAPERS
United States Attorney
Eastern District of New York

/S/ James P. Loonam
James P. Loonam
Jonathan P. Lax
David Pitluck
Assistant U.S. Attorneys

SANDRA MOSER
Principal Deputy Chief
Criminal Division, Fraud Section
U.S. Department of Justice

/S/ James P. McDonald
Leo R. Tsao, Assistant Chief
James P. McDonald, Trial Attorney

Date: 9/29/2016

COMPANY OFFICER'S CERTIFICATE

I have read this Agreement and carefully reviewed every part of it with outside counsel for Och-Ziff Capital Management Group LLC (the "Company"). I understand the terms of this Agreement and voluntarily agree, on behalf of the Company, to each of its terms. Before signing this Agreement, I consulted outside counsel for the Company. Counsel fully advised me of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

I have carefully reviewed the terms of this Agreement with the Board of Directors of the Company. I have advised and caused outside counsel for the Company to advise the Board of Directors fully of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of the Company, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter. I certify that I am the Chief Legal Officer of the Company and that I have been duly authorized by the Company to execute this Agreement on behalf of the Company.

Date: September 29, 2016

OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC

By: /S/ David M. Becker
David M. Becker, Esq.
Chief Legal Officer

CERTIFICATE OF COUNSEL

I am counsel for Och-Ziff Capital Management Group LLC (the "Company") in the matter covered by this Agreement. In connection with such representation, I have examined relevant Company documents and have discussed the terms of this Agreement with the Company Board of Directors. Based on our review of the foregoing materials and discussions, I am of the opinion that the representative of the Company has been duly authorized to enter into this Agreement on behalf of the Company and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of the Company and is a valid and binding obligation of the Company. Further, I have carefully reviewed the terms of this Agreement with the Board of Directors and the Chief Legal Officer of the Company. I have fully advised them of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions and of the consequences of entering into this Agreement. To my knowledge, the decision of the Company to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: 9/29/2016

By: /S/ Mark K. Schonfeld
Mark K. Schonfeld Esq.
Joel M. Cohen, Esq.
Lee G. Dunst, Esq.
F. Joseph Warin, Esq.
Gibson Dunn & Crutcher LLP
Counsel for Och-Ziff Capital Management Group LLC

ATTACHMENT A

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the Deferred Prosecution Agreement (the "Agreement") between the United States Department of Justice, Criminal Division, Fraud Section, the United States Attorney's Office for the Eastern District of New York (collectively, the "Offices" or the "United States") and the defendant Och-Ziff Capital Management Group LLC ("Och-Ziff" or the "Company"). Och-Ziff hereby agrees and stipulates that the following information is true and accurate. Certain of the facts herein are based on information obtained from third parties by the Offices through their investigation and described to Och-Ziff. Och-Ziff admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below. Should the Offices pursue the prosecution that is deferred by the Agreement, Och-Ziff agrees that it will neither contest the admissibility of, nor contradict, this Statement of Facts in any such proceeding. The Offices' evidence establishes the following facts during the relevant time frame and proves beyond a reasonable doubt the charges set forth in the Criminal Information filed in the United States District Court for the Eastern District of New York pursuant to the Agreement:

OCH-ZIFF AND RELEVANT ENTITIES AND INDIVIDUALS

1. Och-Ziff was a Delaware limited liability company and one of the largest alternative asset and hedge fund managers in the world. Och-Ziff had its headquarters in New York, New York and was listed on the New York Stock Exchange on November 14, 2007. Since that time, Och-Ziff has had a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act") and has been required to file annual reports with the United States Securities and Exchange Commission ("SEC") under Section 15(d) of the Exchange Act, Title 15, United States Code, Section 78o(d). Accordingly, since November 14, 2007, Och-Ziff has been an "issuer" as that term is used in the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Sections 78dd-1(a) and 78m(b). Prior to its initial public offering on November 14, 2007, Och-Ziff was a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1).

2. Och-Ziff controlled numerous consolidated subsidiaries through which Och-Ziff operated and provided investment advisory and management services for individual hedge funds and alternative investment vehicles (the "Och-Ziff Hedge Funds") in return for management fees and incentive income. During the relevant time period, Och-Ziff had approximately $30 billion in assets under management and had offices located in New York, London and Hong Kong.

3. OZ Management LP was a Delaware limited partnership and a subsidiary of Och-Ziff through which Och-Ziff registered as an investment adviser. Thus, OZ Management LP was a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an "agent" of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

4. OZ Africa Management GP, LLC ("OZ Africa") was a Delaware limited liability company and a wholly-owned subsidiary of OZ Management LP. OZ Africa held Och-Ziff's interests for its joint-venture in Africa. OZ Africa was a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an "agent" of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

5. Africa Management Limited ("AML") was a joint-venture company started by Och-Ziff, OZ Africa and affiliated and subsidiary entities with various South African business partners in 2007. AML established multiple investment funds under the "African Global Capital" ("AGC") name which invested in companies with African mining and mineral assets and rights. The joint-venture partner and Och-Ziff owned 60 percent and 40 percent of the interest in AML, respectively. Och-Ziff s approval was required for all investments by AGC funds, and AML and AGC relied upon Och-Ziff s legal and compliance functions to perform due diligence, provide legal advice and document transactions.

6. "Och-Ziff Employee 1," a U.S. citizen whose identity is known to the United States and the Company, was a high-ranking officer of Och-Ziff. Och-Ziff Employee 1 was based in Och-Ziff s New York office. Och-Ziff Employee 1 was an officer of OZ Africa. Och-Ziff Employee 1 was a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an "officer" and "agent" of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

7. "Och-Ziff Employee 2," a U.S. citizen whose identity is known to the United States and the Company, was a high-ranking officer of Och-Ziff. Och-Ziff Employee 2 was based in Och-Ziff s New York office. Och-Ziff Employee 2 was an officer of OZ Africa and executed various documents on its behalf. Och-Ziff Employee 2 was a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an "officer" and "agent" of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

8. “Och-Ziff Employee 3,” a U.S. citizen whose identity is known to the United States and the Company, was a senior executive of Och-Ziff and a member of Och-Ziff’s partner management committee who headed Och-Ziff’s London office. Och-Ziff Employee 3 was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an “employee” and “agent” of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

9. “Och-Ziff Employee 4,” a U.S. citizen whose identity is known to the United States and the Company, was a senior member of Och-Ziff s investor relations department. Och-Ziff Employee 4 was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an “employee” and “agent” of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

10. “Och-Ziff Employee 5,” an Australian citizen whose identity is known to the United States and the *Company, was an employee of Och-Ziff Management Europe Limited, the London based subsidiary of OZ Management LP, and a member of Och-Ziff s European private investment team, which also had responsibility for investments in Africa. Och-Ziff Employee 5 was responsible for overseeing certain Och-Ziff investments involving mineral extraction, oil and other natural resources in Africa, and thus was an “employee” and “agent” of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

11. “Och-Ziff Employee 6,” a U.S. citizen whose identity is known to the United States and the Company, was a member of Och-Ziff’s legal department and worked in multiple Och-Ziff offices. Och-Ziff Employee 6 was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and was an “employee” and “agent” of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

12. “DRC Partner,” an Israeli businessman whose identity is known to the United States and the Company, had significant interests in the diamond and mineral mining industries in the Democratic Republic of the Congo (the “DRC”). Och-Ziff, through OZ Africa, AGC and various subsidiary companies, and DRC Partner were investment partners for mining and mineral opportunities in the DRC. For these purposes, DRC Partner was an “agent” of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

13. “Libya Intermediary,” an individual whose identity is known to the United States and the Company, was a London-based middleman with connections to foreign officials in Libya. Libya Intermediary was retained by Och-Ziff to act as an agent on behalf of Och-Ziff to obtain a $300 million investment from the Libyan Investment Authority (“LIA”), and thus was an “agent” of an issuer, Och-Ziff, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

FOREIGN GOVERNMENT ENTITIES AND OFFICIALS

A. Democratic Republic of the Congo

14. “DRC Official 1,” an individual whose identity is known to the United States and the Company, was a senior official in the DRC who had the ability to take official action and exert official influence over mining matters in the DRC. DRC Official 1 was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1) and 78dd-2(h)(2).

15. “DRC Official 2,” an individual whose identity is known to the United States and the Company, was a senior official in the DRC and close advisor to DRC Official 1. Since at least 2004, DRC Official 2 was an Ambassador-at-Large for the DRC government and also a national parliamentarian. DRC Official 2 had the ability to take official action and exert official influence over mining matters in the DRC, and was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1) and 78dd-2(h)(2).

B. Libya

16. The LIA was formed in 2006 to serve as Libya’s sovereign wealth fund to invest and manage the country’s oil revenues on behalf of the Libyan government. The LIA was formed as part of the Libyan government’s rapprochement with Western governments. The LIA was overseen by senior Libyan officials, was controlled by the Libyan government, and performed a government function on behalf of Libya. The LIA was an “agency” and “instrumentality” of a foreign government, as those terms are used in the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1) and 78dd-2(h)(2).

17. “Libyan Official 1,” an individual whose identity is known to the United States and the Company, was a close relative of a high-ranking official in the Libyan government. Libyan Official 1 did not hold a formal position within the Libyan government, but possessed and used a Libyan diplomatic passport and conducted high profile foreign and domestic affairs on behalf of the Libyan government. Libyan Official 1 made administrative and investment decisions for the LIA, including through proxies like “Libyan Official 3,” as described more fully below. Libyan Official 1 was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1) and 78dd-2(h)(2).

18. “Libyan Official 2,” an individual whose identity is known to the United States and the Company, was a high-ranking official in the Libyan government who could influence commercial matters in Libya. Libyan Official 2 could also influence the granting of visas and landing permits for foreign visitors to Libya. Libyan Official 2 was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1) and 78dd-2(h)(2).

19. “Libyan Official 3,” an individual whose identity is known to the United States and the Company, was a high-ranking official at the LIA who could influence investment decisions. Libyan Official 3 was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1) and 78dd-2(h)(2).

OVERVIEW OF THE CORRUPTION SCHEMES

20. In or about and between 2005 and 2015, DRC Partner, together with others, paid more than one-hundred million U.S. dollars in bribes to DRC officials to obtain special access to and preferential prices for opportunities in the government-controlled mining sector in the DRC. Beginning in December 2007, Och-Ziff, through Och-Ziff Employee 3 and Och-Ziff Employee 5, had discussions with DRC Partner about forming a joint venture between Och-Ziff and DRC Partner, through DRC Partner’s companies, for the purpose of acquiring and consolidating valuable mining assets in the DRC into one large publicly traded mining company. The underlying premise of the proposed joint venture was that DRC Partner had special access to attractive investment opportunities in the DRC through his relationships with officials at the highest levels of the DRC government. In return for access to these attractive investment opportunities, Och-Ziff would finance DRC Partner’s operations in the DRC. Och-Ziff Employee 3 and Och-Ziff Employee 5 understood that Och-Ziff’s funds would be used, in part, to pay substantial sums of money to DRC officials to secure access to these opportunities in the DRC mining sector. Although the parties did not enter into a written partnership agreement, as a result of agreeing to the corrupt arrangement, Och-Ziff Employee 3 and Och-Ziff Employee 5 secured long-term deal flow for Och-Ziff and AGC in the DRC mining sector.

21. In or about and between 2007 and 2010, Och-Ziff engaged Libya Intermediary as a third-party agent to assist in securing investments from the LIA into the Och-Ziff Hedge Funds. Libya Intermediary paid bribes to Libyan officials to corruptly influence those officials and thereby obtain investments from the LIA. Och-Ziff entered into a consulting agreement to pay Libya Intermediary a “finder’s fee” of $3.75 million, while Och-Ziff Employee 3 knew that all or a portion of the fee would be paid to foreign officials in return for influencing the LIA to make a $300 million investment into the Och-Ziff Hedge Funds. As a result of the corrupt payments, Och-Ziff, through Och-Ziff Employee 3, secured the investment of LIA funds and approximately $100 million in pecuniary gain.

22. In addition, Och-Ziff and AGC made investments in companies doing business in the mining and mineral sectors of various developing countries, including countries with a documented high risk for corruption such as the DRC, Libya, Chad, and Niger. These investments by Och-Ziff, AGC and their business partners were facilitated, through the use of illegal bribery. Och-Ziff knowingly failed to implement and maintain an adequate system of internal accounting controls designed to detect and prevent the misappropriation of assets by its employees, agents, and business partners. It further did not appropriately respond to due diligence that was performed on proposed business transactions, agents, counterparties, and business partners or controls for payments to third parties.

THE DRC CORRUPTION SCHEME

A. Och-Ziff’s Agreements with DRC Partner

23. In or about and between December 2007 and March 2008, Och-Ziff, through Och-Ziff Employee 3 and Och-Ziff Employee 5, began discussions with DRC Partner and others about forming a joint venture for the purpose of acquiring and consolidating valuable mining assets in the DRC into one large mining company. At that time, DRC Partner communicated to Och-Ziff Employee 3 and Och-Ziff Employee 5 that DRC Partner would have to pay substantial sums of money to DRC officials, including DRC Official 1, and “local partners” to secure access to the attractive investment opportunities in the DRC mining sector. DRC Partner communicated to Och-Ziff Employee 3 and Och-Ziff Employee 5 that, as part of the joint venture, DRC Partner expected Och-Ziff to help fund these corrupt payments, which would be above and beyond the acquisition and operational costs of the specific assets and transactions. Neither Och-Ziff Employee 3 nor Och-Ziff Employee 5 shared this information with anyone within Och-Ziff s legal or compliance departments.

24. Och-Ziff Employee 3 started the internal process within Och-Ziff to enter into business with DRC Partner. Consistent with Och-Ziff’s anti-corruption policy as it related to prospective business partners, on or about February 14, 2008, Och-Ziff Employee 6 sent an e-mail to a due diligence firm requesting a background report on DRC Partner. In that e-mail, Och-Ziff Employee 6 noted that information about DRC Partner “will be very easy to find… perhaps the impetus behind the movie ‘Blood Diamonds.’”

25. On or about February 21, 2008, Och-Ziff Employee 6 received an e-mail that attached the initial findings of the due diligence firm, which stated, among other things:

> [DRC Partner] has been willing to use his significant political influence with [DRC Official 1]. . . and his clique to facilitate acquisitions, settle disputes and frustrate competitors.... [DRC Partner] was rumoured to have used his influence with [DRC Official 2], [DRC Official l's] closest aide, and former Katanga governor in order to settle [a commercial] dispute in his favor.. , . Several compliance Watch Lists identify [DRC Partner] as a political [sic] exposed individual as a result of his close ties to the DRC government. He is known to enjoy an extremely close relationship with [DRC Official 1]. . . . He is happy to use his political influence against those with whom he is in dispute. . . . Whether through good PR and legal advice or indeed innocence, no allegations against him have yet been proved. That said, he has been named in a UN report [and] keeps what can only be described as unsavory business associates.

26. Based upon the report, and other publicly available information, various Och-Ziff senior employees had concerns about proceeding with any transaction with DRC Partner. For example, Och-Ziff Employee 6 did not believe Och-Ziff should do business with DRC Partner and expressed to Och-Ziff Employee 3 strong concerns about doing business with DRC Partner. Separately, Och-Ziff Employee 2 had come to believe that it was likely that DRC Partner was able to operate and acquire assets in the DRC because he paid bribes to officials. In or about late February 2008, several members of Och-Ziff senior management advised Och-Ziff Employee 1 that although there was no strict legal or regulatory prohibition on doing business with DRC Partner, such as DRC Partner having being designated by the Office of Foreign Assets Control on a prohibited persons list, they recommended not undertaking transactions with him. Thereafter, Och-Ziff proceeded to conduct several business transactions with DRC Partner in the DRC.

27. Och-Ziff Employee 6 also forwarded the due diligence report on DRC Partner to an outside attorney representing Och-Ziff on anti-corruption issues. The outside attorney advised that providing a convertible loan to DRC Partner would be high-risk, but that there would be "no [anti-money laundering] or anti-corruption issue" as long as DRC Partner "has no discretion with regard to how to spend the proceeds of the loan." As described below, the subsequent agreements provided DRC Partner with a significant amount of discretion over the use of the loan proceeds.

28. In or about and between March 2008 and February 2011, Och-Ziff entered into several DRC-related transactions with DRC Partner: (1) an April 2008 purchase of approximately $150 million of shares in a publicly traded DRC-focused mining company controlled by DRC Partner ("Company A"); (2) a $124 million convertible loan through a subsidiary company and AGC to Company B, a DRC Partner-controlled shell entity, funded in or about and between April and October 2008 (the "Convertible Loan Agreement"); and (3) a $130 million margin loan to Company C, a DRC Partner-controlled shell entity, in November 2010 and February 2011 (the "Margin Loan Agreement"). Leading up to and through these transactions, Och-Ziff Employee 3 and Och-Ziff Employee 5 were made aware of and participated in the corrupt payments, using funds provided by Och-Ziff to Company B and Company C, that DRC Partner made to various DRC officials to secure mining interests in the DRC.

B. <u>The Bribery Scheme to Consolidate DRC Copper Mines</u>

29. The first aspect of Och-Ziff's partnership with DRC Partner involved Och-Ziff, OZ Africa or AGC structuring and funding simultaneous investments into two companies controlled by DRC Partner: Company A and Company B. On or about March 7, 2008, Och-Ziff Employee 3 e-mailed a description of the first part of this plan to Och-Ziff Employee 1. In the e-mail, Och-Ziff Employee 3 stated that there would be three upcoming transactions requiring Och-Ziff funds. First, Och-Ziff would buy $150 million of new shares to be issued by Company A, controlled by DRC Partner, which Och-Ziff Employee 3 described as "the second biggest copper company in DRC." Second, DRC Partner would offer AGC 50 percent of a nearby copper and cobalt mine "at a very attractive price," and AGC would likely invest up to $200 million in it. Third, AGC and DRC Partner would buy 55 percent of a company called Africo Resources Limited ("Africo"), which owned a copper asset "next door" to DRC Partner's copper and cobalt mine Och-Ziff Employee 3 wrote that the "[g]ame plan is to eventually merge [the copper and cobalt mine] and Africo into [Company A] for stock and control the company jointly with [DRC Partner]."

30. Africo was a Canadian mining company engaged in a dispute concerning its ownership interest in a DRC copper mine (the "DRC Mine"). The dispute involved a Congolese company called Akam Mining SPRL ("Akam"), which had obtained an *ex parte* default judgment against Africo following an employment dispute. In fact, DRC Official 2 had orchestrated the taking of Africo's interest in the DRC Mine and made it available to DRC . Partner. Africo had engaged in legal proceedings in the DRC courts to try to nullify the seizure of its interest in the DRC Mine, which remained pending in March 2008.

31. On or about March 16, 2008, Och-Ziff Employee 3 received an e-mail from DRC Partner, which stated in part:

> As you can see, our only real point is this flexibility. The DRC landscape is in the making and I am shaping it - like no one else. I would love to have you beside me as a long-term partner. As 40% [Company A] shareholder, I facilitated your entry at an attractive time / price knowing that you see there is a bigger picture in all of this. What this bigger picture exactly looks like, is yet to be determined, but it is your partner who is holding the pen - I just need flexibility on the drawing board to create full value for our partnership.

32. Following DRC Partner's negotiations on behalf of Och-Ziff, on or about March 27, 2008, Och-Ziff entered into a supplemental subscription agreement with Company A, as contemplated in Och-Ziff Employee 3's e-mails above, to purchase a total of 150 million shares for a total of approximately $150 million. The stated purpose of the offering by Company A, to which Och-Ziff subscribed, was to raise capital to fund the company's ongoing mining efforts in the DRC. That same day, on or about March 27, 2008, DRC Partner caused $11 million to be delivered to DRC Official 2.

33. Och-Ziff and DRC Partner agreed on a multi-step plan to obtain the disputed mining interest by acquiring Akam using Och-Ziff funds, and then settling the legal dispute over the DRC Mine. As part of its agreement, Och-Ziff, through AGC, provided Company B with significant financing to carry out the resolution of the DRC legal dispute and to gain control of Africo. This financing was provided through the Convertible Loan Agreement, which was originally intended to be approximately $115 million, funded in two tranches of $15 million and $100 million.

34. On or about April 3, 2008, Och-Ziff Employee 5 sent an e-mail to Och-Ziff Employee 3 and others seeking approval to fund the first tranche under the Convertible Loan . Agreement, in the amount of $15 million, to acquire Akam.

35. On or about April 7, 2008, DRC Partner caused $2.2 million to be delivered to DRC Official 2, and on or about April 10, 2008, DRC Partner caused $2.8 million to be delivered to DRC Official 2.

36. On or about April 17, 2008, Och-Ziff, through AGC, funded the first tranche of the Convertible Loan Agreement through wire transfers from New York. This first tranche of $15.750 million was funded purportedly to acquire Akam, make a shareholder loan to Africo, and pay legal expenses. A few days later, on or about April 21, 2008, Africo announced that it reached an agreement with Company B for a private placement of CAD $100 million that would result in Company B (L e. , DRC Partner's company) owning approximately 60 percent of Africo. This agreement required the approval of Africo's shareholders.

C. <u>Bribes Resolve Africo and Akam Dispute in DRC</u>

37. DRC Partner caused bribes to be paid to DRC officials, including judges, to ensure that Africo did not obtain a favorable court ruling in its case against Akam that could have affected the outcome of the Africo shareholder vote.

38. On or about June 4, 2008, DRC Partner and one of his associates arranged to pay $500,000 to DRC officials, including judges, who were involved in the Africo court case to corruptly influence the outcome of those proceedings to the benefit of Och-Ziff and DRC Partner. The associate sent a text message to DRC Partner, which read:

> Hi [DRC Partner], im with the main lawyer. . . in the africo story, he has to arrange with supreme court, attorney genral [sic] and magistrates, he wants 500 to give to all the officials and 600 for 3 lawyers cabinets that worked on the file in defense[lawyer] and batonnier [lawyer]. the converstaion is vey tough. (while talking i said to ask money to [one of the Akam shareholders], [the Akam shareholder] said he cant because most of the money has to go to [DRC Official 2] . . . i dont know if he wants to provoke me or it was something [the Akam shareholder] invented. . .) but they are now at 1,1 in total.

39. On or about June 4, 2008, the associate sent another text message to DRC Partner, which stated: "he wants 500 for officials, 300 for them (3 lawyers office), 800 and in even in one month an extra 100 to make 900, he is very categoric[.]" Approximately thirty minutes later, the associate sent a text message to DRC Partner, which stated: "with 800 they guarantee the results and they want me to promise that i will add 100 after." Less than one minute later, DRC Partner responded to the associate's text message, writing: "We can't accept a mid result . . . Africo must be screwd and finished totally!!!!"

40. On or about June 5, 2008, an associate of DRC Partner sent a text message to DRC Partner, which stated: "[lawyer] has met attorney general and the magistrat[e] that has to write the opinion, he also had contact with the 3 judges of supreme court. they got clear instructions to rewrite the opinion and to make sure that akam wins. they also agreed to do the lecture of the opinion on JUNE 13!"

41. On or about June 12, 2008, Africo announced that its shareholders had voted to approve the private placement by DRC Partner through Company B.

42. On or about June 18, 2008, DRC Partner caused $2.5 million to be delivered to DRC Official 2.

D. Och-Ziff Learns of Allegations of Serious Misconduct Involving Company A and then Provides DRC Partner an Additional $109 Million

43. On or about June 13, 2008, Och-Ziff Employee 3 and Och-Ziff Employee 5 learned of allegations that a significant portion of the money that had been invested in Company A through the April 2008 private placement may have been diverted from a mining investment to a political party in Zimbabwe. Och-Ziff Employee 3 received a message which stated: "[Company A] paid 4 arms into zim, and rented boat from china. Journo has bank transfers apparently." Neither Och-Ziff Employee 3 nor Och-Ziff Employee 5 reported this matter to Och-Ziff's legal and compliance employees nor undertook efforts to determine whether the funds had been used as described in the message.

44. On or about June 24, 2008, Och-Ziff, through AGC, funded the second tranche of the Convertible Loan Agreement totaling $98.275 million. The purpose of this tranche was to allow Company B to acquire the Africo shares and gain control over Africo.

45. On or about July 10, 2008, Och-Ziff Employee 3 sent an e-mail to another Och-Ziff employee that read: "U have [Och-Ziff Employee 5's] mobile. [DRC Partner] just got a big asset for us."

46. Later that month, on or about July 24, 2008, Och-Ziff, AGC, and DRC Partner amended the Convertible Loan Agreement to provide for a $9 million third tranche for "financing the working capital requirements. . . to the extent such requirements are in accordance with the Business Plan." Och-Ziff Employee 3 and Och-Ziff Employee 5 knew that the operating expenses for Company B's business plan included paying bribes to high-level DRC officials.

47. On or about October 9, 2008, Och-Ziff funded its share of the third tranche of the Convertible Loan Agreement totaling $4.5 million, while the joint-venture partner in AGC contributed the remaining $4.5 million.

E. Och-Ziff's Audit Uncovers Bribery in DRC Partner's Operations

48. In or about November 2008, AGC employees who were based in South Africa and reported to Och-Ziff Employee 5 conducted an audit of Company B's expenses to ensure that the third tranche of the Convertible Loan Agreement was properly spent. These AGC employees were given limited access to DRC Partner's business records. Their draft audit report, which was sent to Och-Ziff Employee 5 and another Och-Ziff employee, included the following paragraph:

> Satisfactory answers could not be extracted during my discussions (with [DRC Partner's employees]) for some of these expenses and it leads one to believe that these are actually the costs of maintaining "political alignment" and for "protocol" with the authorities in the DRC — in other words with senior Government officials. **This issue needs to be investigated at the highest level directly with [DRC Partner's company]. This issue should be flagged as a concern considering AGC's compliance requirements.**
> (emphasis in original)

49. After reviewing the draft audit report, Och-Ziff Employee 5 spoke with one of the employees who drafted it and instructed that the above-described paragraph referencing payments for "political alignment" with senior government officials be removed from the report. The employee did as instructed by Och-Ziff Employee 5, and on or about December 9, 2008, the employee sent an e-mail to Och-Ziff Employee 5, which stated, in part: "[Och-Ziff Employee 5,] As discussed please find attached the revised report[.]" The attached revised report did not contain the paragraph that referenced payments to senior government officials.

F. Och-Ziff and DRC Partner Find a Buyer for DRC Assets

50. Och-Ziff and AGC did not exercise the option to convert into equity in Company B, did not require payment on the loan when it was due to be repaid in full on or about April 24, 2009, and did not seek to exercise its rights on the collateral of the loan. Instead, the repayment dates for the Convertible Loan Agreement were continually extended until a publicly traded mining company ("Mining Company 1") purchased Company B.

51. To attract a buyer for Company B, Och-Ziff Employee 5 worked with DRC Partner to obtain additional assets to inject into or sell alongside Company B, including assets known as Kolwezi Tailings and SMKK. Och-Ziff knew that Kolwezi Tailings had been stripped by the DRC government from a mining company immediately before being obtained by a group of companies controlled by DRC Partner and the DRC government. Och-Ziff also knew that the SMKK asset was the subject of a back-to-back sale that allowed DRC Partner to purchase the asset for $15 million from the DRC-owned and controlled mining company, La Générale des Carrières et des Mines ("Gécamines"), and immediately resell it to Mining Company 1 for $75 million even though Mining Company 1 had the right of first refusal to buy that same interest directly from Gécamines.

52. Throughout the period of DRC Partner's acquisition of Kolwezi Tailings and SMKK, DRC Partner continued to make corrupt payments to DRC Official 2. For example, on or about December 23, 2009, DRC Partner delivered $1 million to DRC Official 2; on or about January 5, 2010, DRC Partner delivered $2 million to DRC Official 2.

53. On or about August 20, 2010, Mining Company 1 acquired 50.5 percent of Company B. Mining Company 1 agreed to pay up to $575 million over two years, including $50 million in cash. Och-Ziff Employee 3 and Och-Ziff Employee 5 were informed by a co-conspirator that the $50 million was for DRC Partner to "use on the ground" to corruptly acquire Kolwezi Tailings. As part of the deal, Mining Company 1 guaranteed repayment of the Convertible Loan Agreement through a novation of the loan.

54. Following the novation of the Convertible Loan Agreement, Och-Ziff continued to provide DRC Partner with financing in exchange for deal flow of investment opportunities in the DRC, per their original agreement.

G. Och-Ziff Provides DRC Partner an Additional $130 Million

55. On or about November 11, 2010, Och-Ziff Employee 3 sent an e-mail to another Och-Ziff employee, which stated: "[DRC Partner] has asked for a margin loan on katanga shares which want u to handle."

56. On or about November 16, 2010, an Och-Ziff employee sent a draft term sheet for the loan to Och-Ziff Employee 3, who then forwarded it on to DRC Partner. The parties then negotiated the terms of the loan. DRC Partner's representatives stressed that they would need to make intercompany loans with the proceeds of the loan and that any "use of proceeds" provision in the loan document would have to be generic.

57. On or about November 18, 2010, Och-Ziff incorporated a new Cayman Islands based partnership called CML Investments Ltd. ("CML"). CML was controlled by Och-Ziff.

58. On or about November 24, 2010, Och-Ziff, in two separate transfers through CML, extended a $110 million margin loan to Lora Enterprises Limited ("Lora"), a DRC-Partner-controlled company. The use of proceeds provision allowed for "(ii) funding existing activities of Affiliates of the Borrower and acquisitions of other business interests by its Affiliates; and (iii) other general purposes of the Borrower's Affiliates."

59. On or about February 17, 2011, CML and Lora agreed to an amended and restated margin loan agreement which increased the amount of funding available to Lora by an additional $20 million.

60. In or about and between November 2010 and February 2011, DRC Partner caused approximately $20 million in corrupt payments to be made to various DRC officials, including the following payments made on or about the following dates:

Date	Amount in USD	Bribe Recipient
December 1, 2010	$1 million	DRC Official 1
December 3, 2010	$2 million	DRC Official 1
December 7, 2010	$2 million	DRC Official 1
December 9, 2010	$2 million	DRC Official 1
December 15, 2010	$350,000	DRC Official 2
December 17, 2010	$250,000	DRC Official 2
January 13, 2011	$500,000	DRC Official 2
February 9, 2011	$3 million	DRC Official 1
February 9, 2011	$1 million	DRC Official 2
February 23, 2011	$750,000	DRC Official 1

61. On or about February 12, 2012, DRC Official 2 died. On or about February 13, 2012, Och-Ziff Employee 5 sent an e-mail message to Och-Ziff Employee 3, which stated: "FYI, [DRC Official 2 is] dead, [DRC Partner's] key guy in DRC." Och-Ziff Employee 5's e-mail included the text of a Financial Times article on the official's death, which stated, among other things: "[DRC Official 2], member of parliament and a former governor of Congo's copper heartlands province, Katanga, cut a shadowy figure. Diplomats associate him with Congo's entrenched corruption and a series of secret investments. Congo is one of the world's poorest countries despite its mineral wealth, and ranks among the worst places to do business." .

62. On or about February 15, 2012, DRC Partner sent a text message to Och-Ziff Employee 5, which stated, "I'm fine. . . sad but fine. . . I will have to help [DRC Official 1] much more now. . . tomorrow the burial will take place."

63. In or about and between August 2012 and January 2013, Och-Ziff received wire transfers of $342,091,110 from DRC Partner-controlled companies as satisfaction of the outstanding agreements, representing a profit of approximately $91,181,182.

THE LIBYA CORRUPTION SCHEME

A. Och-Ziff Engages Libya Intermediary to Obtain Investments in Libya

64. Beginning in or around 2007, Och-Ziff sought to secure investments from the LIA into the Och-Ziff Hedge Funds. In connection with these efforts, in or about 2007, Och-Ziff Employee 3 arranged to have Libya Intermediary act on Och-Ziff's behalf to obtain an investment from the LIA. At the time Och-Ziff engaged Libya Intermediary, Och-Ziff Employee 3 knew that Libya Intermediary would need to make corrupt payments to Libyan officials to secure that investment. Libya Intermediary did in fact make corrupt payments to and for the benefit of Libyan Official 1, Libyan Official 2, and Libyan Official 3.

65. In addition, during the time Libya Intermediary was working as Och-Ziff's agent to secure an investment from the LIA, Och-Ziff Employee 3 caused Och-Ziff funds to invest $40 million in a Libyan real estate development project (the "Libya Real Estate Development Project"), which was founded and overseen by Libya Intermediary. Och-Ziff Employee 3 described his motivation to make this $40 million investment as, in part, "a bet on Libya here and relationship need to get done quickly," a reference to the relationship with Libya Intermediary. In connection with this investment, Och-Ziff paid a $400,000 "deal fee" to an entity controlled by Libya Intermediary, which Och-Ziff Employee 3 understood was to compensate Libya Intermediary for bribes that Libya Intermediary had to pay to Libyan officials in connection with the Libya Real Estate Development Project.

66. In or about February 2007 onward, Libya Intermediary worked as Och-Ziff's agent to obtain an asset placement from the LIA. Prior to engaging Libya Intermediary to work on Och-Ziff's behalf, Och-Ziff did not conduct any due diligence on Libya Intermediary, and there was no formal approval of Libya Intermediary to work on behalf of Och-Ziff.

67. In or about and between February 2007 and March 2007, Libya Intermediary explained to Och-Ziff Employee 3 that the LIA was largely controlled by Libyan Official 1 through Libyan Official 3. Libya Intermediary arranged for Och-Ziff Employee 3 to meet with Libyan Official 1 and Libyan Official 3 in Vienna, Austria.

68. On or about March 7, 2007, Och-Ziff Employee 3 traveled from London, England to Vienna, Austria to attend the meeting, which took place in a hotel suite, with Libya Intermediary, Libyan Official 1, Libyan Official 3 and an associate of Libya Intermediary. At the meeting, Och-Ziff Employee 3 and Libyan Official 1 discussed Och-Ziff's business and the LIA generally and the possibility of the LIA making an investment in the Och-Ziff Hedge Funds.

69. Although Och-Ziff Employee 3 did not inform the legal or compliance functions at Och-Ziff about the meeting with Libyan officials, he informed Och-Ziff Employee 1 of the meeting. Shortly after the meeting, Och-Ziff Employee 3 sent an e-mail to Och-Ziff Employee 1, stating, "Meetings are amazing. They have 77 billion, half in cash and no idea who to give it to." Later that same day, Och-Ziff Employee 3 sent an e-mail to Och-Ziff Employee 1, stating, "I haven't been this excited in a while."

70. On or about March 8, 2007, Och-Ziff Employee 3 sent an e-mail to Libyan Official 3, which stated, in part: "It was very nice meeting you yesterday. I think there are many ways we can work together on the investment side. I have attached an overview of our main fund. I would love to get you in as an investor in one of our funds so we can start a dialogue and look at investments together."

71. On or about May 29, 2007, Och-Ziff Employee 1 sent an e-mail to Och-Ziff Employee 3 inquiring about the status of the potential investment from the LIA. Och-Ziff Employee 3 sent a response, stating, "I thought you were against it so I havent [sic] pursued it. The agent wants to come in and see me this week. You OK with that?" Och-Ziff Employee 1 responded, "I will be ok. Will call you."

72. On or about August 9, 2007, Och-Ziff Employee 1 sent an e-mail to Och-Ziff Employee 3, asking: "Is Libya in for Sept 1?" Och-Ziff Employee 3 responded, "I think so. Will check."

73. On or about September 11, 2007, an employee of a due diligence firm transmitted a report on Libya Intermediary and his business partner to Och-Ziff employees via an e-mail, which stated in part: “These guys [Libya Intermediary and his business partner] were hard to pin down because they have always acted as advisors and kept their money and interests offshore.” The background report added that: “[Libya Intermediary’s company] uses special purpose vehicles based offshore that have no subsidiaries, no employees and no operations other than relating to the transaction for which they were established. This, and their activities as ‘fixers’, means that there is little documented evidence of the company’s activities either in the UK or internationally.”

74. On or about and between September 19, 2007 and September 20, 2007, Och-Ziff Employee 3, Och-Ziff Employee 4, and another Och-Ziff employee traveled to Tripoli, Libya, where they were met by Libya Intermediary. Libya Intermediary arranged for the landing permits and visas for this trip through Libyan Official 2.

75. On or about September 20, 2007, Och-Ziff Employee 3 and Och-Ziff Employee 4 met with the LIA at the LIA’s office. Indeed, Libya Intermediary did not accompany them to this meeting despite purportedly serving as Och-Ziff’s introductory agent. To the contrary, Libya Intermediary communicated to Och-Ziff Employee 3 that Libya Intermediary’s role as Och-Ziff’s agent could not be publicly disclosed to the LIA. Prior to the meeting, Och-Ziff Employee 3 did not disclose to Och-Ziff Employee 4 that Libya Intermediary was acting as Och-Ziff’s agent for the potential LIA investment. Och-Ziff Employee 3 also did not inform Och-Ziff Employee 4 that he (Och-Ziff Employee 3) previously had met with Libyan Official 1 and Libyan Official 3 in Vienna, Austria to solicit an investment from the LIA. There was no mention of Libya Intermediary during the meeting.

B. Libya Intermediary’s “Consultancy Agreement” and the LIA’s Investment of $300 Million into the Och-Ziff Hedge Funds

76. Throughout in or about 2007, over the course of multiple conversations, Och-Ziff Employee 3 and Libya Intermediary negotiated the amount of the fee Och-Ziff would pay to Libya Intermediary in the event Och-Ziff received an investment from the LIA. During these discussions, Libya Intermediary repeatedly told Och-Ziff Employee 3 that Libya Intermediary would have to confer with an undisclosed third-party to confirm whether or not the proposed size of the fee was acceptable. Och-Ziff Employee 3 told Libya Intermediary that Och-Ziff was limited in how much it could pay because it was a regulated entity in the United States. Och-Ziff Employee 3, Libya Intermediary, and the undisclosed third-party ultimately agreed on a fee of $3,750,000 to be paid in two installments for the LIA’s $300 million investment into the Och-Ziff Hedge Funds.

77. On or about November 26, 2007, which was four days before the LIA funded its $300 million investment, Och-Ziff Employee 3 spoke with Och-Ziff Employee 1 about paying Libya Intermediary a fee in connection with the LIA investment.

78. The next day, on or about November 27, 2007, Och-Ziff Employee 1 forwarded an e-mail from an Och-Ziff officer to Och-Ziff Employee 3. The e-mail contained conditions that had to be met for the fee to be paid:

> . . . There has to be a written agreement between OZ and the person who receives payment that. . . requires the solicitor, at the time of any solicitation, to provide the client with a copy of the [investment adviser registration] and a separate written disclosure document containing information relating to the solicitation arrangemen [sic] (including the comp to be paid); and the adviser receives from the client an executed acknowledgment showing that the client received the separate written disclosure document[.]

79. After receiving the legal advice forwarded by Och-Ziff Employee 1 on or about November 27, 2007, Och-Ziff Employee 3 contacted Libya Intermediary and informed Libya Intermediary that, contrary to their previous discussions, Och-Ziff, might be required to disclose Libya Intermediary’s role as an Och-Ziff agent to the LIA. Libya Intermediary and Och-Ziff Employee 3 discussed ways to satisfy Och-Ziff’s requirements without actually providing such disclosure to the LIA. To this end, Och-Ziff Employee 3 and Libya Intermediary discussed the possibility of Och-Ziff delivering the disclosure to the LIA through Libya Intermediary, which Libya Intermediary would fail to deliver. Och-Ziff Employee 3 and Libya Intermediary also discussed the possibility of Libya Intermediary providing a false representation to Och-Ziff that Libya Intermediary had provided the LIA with disclosure of Libya Intermediary’s role.

80. On or about November 30, 2007, Och-Ziff received the signed subscription documents and wire transfers from the LIA for a total investment of $300 million into two of the Och-Ziff Hedge Funds.

81. A few days later, on or about December 4, 2007, an officer of Och-Ziff sent an e-mail to Och-Ziff Employee 3, which attached a consultancy agreement (the "Consultancy Agreement") and an anti-corruption side letter (the "Side Letter") between OZ Management LP and a special purpose vehicle based in the British Virgin Islands ("BVI SPV-1"), which Libya Intermediary established for the sole of purpose of receiving the LIA-related fee from Och-Ziff. Och-Ziff Employee 3 replied to the e-mail stating: "looks good." The Consultancy Agreement described BVI SPV-1 as follows: "[BVI SPV-1] has technical and commercial expertise in Libya as a consultant to companies (in particular in information gathering, strategic analysis, high-level introduction, negotiations and promotion of projects and implementation)." This description was false insofar as BVI SPV-1 had no employees, had no expertise and had never acted as a consultant in Libya or elsewhere to any company.

82. The Consultancy Agreement stated that: "[BVI SPV-1] has offered to provide assistance to [OZ Management LP] with respect to introducing the Company to the [LIA], developing and coordinating strategy and tactics to promote and encourage LIA to invest in [OZ Management LP] by cash injection into the account of [OZ Management LP] or any of its funds[.]" Under the terms of the Consultancy Agreement, BVI SPV-1 undertook to "assist OZ Management LP in connection with the introduction of the [OZ Management LP] to and promoting its interests and reputation with LIA." The forward-looking agreement did not reflect that Libya Intermediary had been working for Och-Ziff, at the direction of Och-Ziff Employee 3, since February 2007. The fee for the purported services was $3.75 million, payable in two installments.

83. The Side Letter, which included anti-corruption representations from the BVI SPV-1, stated: "[t]he Investor has been informed in writing of the [Consultancy] Agreement and the consideration payable to ourselves thereunder." This representation was false; the LIA was not notified in writing or otherwise that Och-Ziff agreed to pay fees to BVI SPV-1 in connection with the LIA's investment into the Och-Ziff Hedge Funds. Och-Ziff did not obtain a copy of any written notification, nor did Och-Ziff attempt to notify the LIA directly of its relationship with Libya Intermediary or BVI SPV-1, nor did Och-Ziff obtain an acknowledgement from the LIA that it had been notified of Libya Intermediary's agreement or payments.

84. The Consultancy Agreement and the Side Letter were executed between OZ Management LP and BVI SPV-1 on or about. January 15, 2008, but backdated to appear as if they were executed on or about December 5, 2007. Contrary to Och-Ziff internal policies requiring Och-Ziff to conduct sufficient due diligence on proposed business transactions and partners to be confident in the legitimacy of proposed transactions, Och-Ziff did not conduct any due diligence on BVI SPV-1 before entering into the Consultancy Agreement.

C. Bribe Payments to Various Libyan Officials

85. On or about January 16, 2008, Och-Ziff paid BVI SPV-1 $2.25 million in connection with Libya Intermediary's work on behalf of Och-Ziff to obtain the $300 million investment from the LIA. That same day, on or about January 16, 2008, Och-Ziff Employee 3 described Libya Intermediary in an e-mail to a business associate as follows: "[Libya Intermediary] is very close to [Libyan Official 1], LIA and other government officials. . . . Alot [sic] of people in Libya say they can get things done, but [Libya Intermediary] actually does so I dont [sic] think it will be a waste of your time."

86. On or about January 29, 2008, Libya Intermediary, through BVI SPV-1, transferred two-thirds of the interest in BVI-SPV-1 to an associate of Libya Official 1. On or about January 31, 2008, BVI SPV-1 sent a wire transfer totaling $1,507,659.61 through an intermediary account which was subsequently paid onward to an account in Switzerland held by a proxy for the benefit of Libyan Official 1.

87. On March 5, 2008, BVI SPV-1 transferred $331,478.00 from its account at Investec Bank in Guernsey to an account for a British Virgin Islands company that was controlled by Libya Intermediary ("BVI SPV-2").

88. The next day, on or about March 6, 2008, Libya Intermediary transferred €500,045 from an account at Standard Chartered in Jersey to a Bank of Valetta account in Malta in the name of Libya Official 2's son, over which Libya Official 2 had signatory authority.

89. Also on or about March 6, 2008, Libya Intermediary transferred $400,000 from BVI SPV-2's US Dollar account at Blom Banque France, London Branch to a Bank of Valetta account in Malta in the name of Libya Official 2's son, over which Libya Official 2 had signatory authority.

90. In addition, Libya Intermediary regularly provided Libyan Official 3 with in-kind payments to gain and maintain influence with Libyan Official 3. These in-kind payments included, but were not limited to, payments for luxury travel, hotel accommodations and jewelry. Libya Intermediary also paid the living expenses of Libyan Official 3's brother while he resided in London.

91. The second tranche of the "consultancy fee" owed by OZ Management LP to BVI SPV-1 in connection with the original $300 million LIA investment was due to be paid on or about December 1, 2008. On or about October 30, 2008, Libya Intermediary spoke with Och-Ziff Employee 3 and asked to be paid early, and Och-Ziff Employee 3 agreed to do so. Och-Ziff Employee 3 directed Och-Ziff personnel to pay Libya Intermediary's invoice. On or about November 5, 2008, at the direction of Libya Intermediary, BVI SPV-1 transferred $1,005,000.00 from its account to an intermediary account, which was subsequently paid onward to an account in Switzerland held by a proxy for the benefit of Libyan Official 1.

92. Och-Ziff accrued fees and incentive income from the LIA fund investment totaling approximately $100,181,881.

OCH-ZIFF'S POLICIES, PROCEDURES AND CONTROLS

93. At all times relevant, Och-Ziff sought business opportunities in countries with high corruption risks, including, among other places, the DRC, Libya, Chad, and Niger. Despite understanding the nature of the corruption risks presented by doing business in those countries, Och-Ziff knowingly failed to implement an adequate system of internal accounting controls and failed to enforce the internal accounting controls it did have in place, which failed to prevent bribe payments from being made in DRC, Libya, Chad, and Niger. Further, in instances where the potential improper use of proceeds was identified, Och-Ziff did not take corrective measures, obtain verification of payments or seek to exercise contractually available audit or cancellation rights.

94. Och-Ziff also knowingly failed to implement and maintain adequate controls for the approval of business transactions and consultancy agreements. With respect to Libya Intermediary, although Och-Ziff had prior dealings with Libya Intermediary relating to obtaining a Kazakhstan oil field investment, it did not conduct due diligence on, and only obtained anti-corruption representations from, BVI SPV-1, a shell company that did not actually provide or support any of the services rendered. Och-Ziff further permitted Och-Ziff Employee 3 to enter into arrangements for deal fees and payments without requiring contracts, proof of services or legal pre-approval, including for an earlier $400,000 deal fee to Libya Intermediary in connection with the Libya Real Estate Development Project where no agreement was in place and Och-Ziff Employee 3 knew that the fee would be used for bribe payments. Och-Ziff approved the payment of the deal fee without conducting adequate due diligence on the offshore entity which received the funds and without restricting the funds' use.

95. Och-Ziff did not implement controls to ensure the effective enforcement of policies governing interactions by third-parties with prospective clients, including requirements (a) that such arrangements were to be pre-cleared by legal or compliance and (b) that Och-Ziff provide prospective clients with a written disclosure of any agreements for a third-party to secure money from the prospective client on behalf of Och-Ziff.

96. Och-Ziff also knowingly failed to implement and maintain controls to address known risks for corruption or misuse of company funds in connection with contractual agreements-or investments. Och-Ziff proceeded to conduct multiple business transactions with DRC Partner and entities associated with him despite objections from senior compliance and control personnel. When Och-Ziff Employee 3 and Och-Ziff Employee 5 learned of possible misuse of funds in connection with the Company A investment, Och-Ziff conducted no review or audit to confirm or rebut the allegations, and thereafter advanced more than $200 million to DRC Partner for additional transactions. Further, Och-Ziff continued to engage with business partners after those partners had presented deals where corrupt payments were expressly required. For example, a deal presented by Och-Ziff's partner in AGC to Och-Ziff Employee 3 included "$5 million for the ongoing Presidential campaign" in a West African country. Although Och-Ziff Employee 3 shared this proposal with two analysts, it was not shared with legal or compliance.

97. In connection with funding AGC's first fund, Och-Ziff did not establish adequate controls over the use of proceeds provided by Och-Ziff to its future joint-venture partner. Prior to the formation of the first AGC-branded investment fund, African Global Capital, LP ("AGC I"), Och-Ziff funded requests for loans that were convertible into equity in AGC Ito its business partners on short notice and without completing adequate due diligence on the use of the proceeds. On or about June 1, 2007, an Och-Ziff analyst responsible for assessing the projects e-mailed Och-Ziff Employee 3: "I've asked for budgets etc for all these projects but nothing yet," and followed up by writing, "[w]e've seen the basic structure for these and did 'just' enough to put the loan together last time . . . as they needed it asap." On or about October 2, 2007, the same analyst e-mailed Och-Ziff Employee 3: "Been trying to get exact detail etc on where money is going but detail isn't great. Don't think we can get huge amounts more detail now (been trying for a while) but we need to find a systematic way of approving expenditure in the future." Despite repeatedly failing to conduct sufficient due diligence, Och-Ziff continued to fully fund the requests of its joint-venture partners and never developed a systematic way to track the funds provided to the joint venture through 2012.

98. In or about and between May 2007 and February 2009, an AGC portfolio company used funds provided by Och-Ziff to pay various consultants employed by the joint-venture portfolio company, including a Gabonese national (“Gabonese Consultant”). Beginning in October 2007, Och-Ziff became aware that the salary payments to Gabonese Consultant in connection with operations in Chad and Niger, were a “deal introduction related consulting fee,” and that Gabonese Consultant’s “consulting fee” was nearly two and one-half times the salary of the remaining 19 portfolio-company employees combined. Och-Ziff further identified other unknown consultant payments and that the funds provided by Och-Ziff to the joint-venture partners were being used for, among other purposes, personal expenditures and personal travel of the joint-venture partners. In or about and between January 2008 and July 2008, despite identifying that the joint-venture payments were not being adequately justified, including the payments to Gabonese Consultant, Och-Ziff funded approximately $20,141,734 in capital calls for the joint venture. Ultimately, portions of these capital calls funded by Och-Ziff were used to reimburse bribe payments that Gabonese Consultant had made in Chad and Niger.

99. On or about October 3, 2008, Och-Ziff Employee 3 received an e-mail containing the results of an audit of the joint-venture portfolio company which indicated, among other things: “Results of audit are very weak with poor controls and management . . . . [Subsidiary companies and management] needs [sic] significantly more supervision.” Och-Ziff did not thereafter sufficiently address the deficiencies identified in the audit. Further, senior employees of Och-Ziff, including Och-Ziff Employee 3, did not adequately enforce various applicable internal policies, including the AGC Anti-Corruption and Anti-Money Laundering Policy and Suggested Procedures which Och-Ziff had specifically designed to be implemented at the joint venture. When Gabonese Consultant later refused to sign anti-corruption warranties, Och-Ziff continued to do business with him as an intermediary in 2011.

100. In or about and between mid-2007 and February 2009, Gabonese Consultant provided at least $2 million in bribe payments to officials in Niger and the Republic of Chad in connection with obtaining uranium concessions for the joint venture. Och-Ziff and the joint venture continued to hold and renew licenses for the uranium concessions through 2012. During the relevant period, Och-Ziff accrued approximately $30 million in fees in connection with investments for which it failed to implement or enforce effective controls.

UNANIMOUS WRITTEN CONSENT OF
THE BOARD OF DIRECTORS
OF OCH-ZIFF HOLDING CORPORATION

September 28, 2016

The undersigned, being the sole director of the Corporation (as defined below), hereby ratifies, approves, adopts and consents to the following resolutions as the action of the Board (as defined below), pursuant to Section 141(f) of the Delaware General Corporation Law (the "DGCL"); without the formality of a meeting. It is the intent of the undersigned that this consent be executed in lieu of a meeting of the Board, and that it shall be filed with the minutes of proceedings of the Board.

PLEA AGREEMENT BY OZ AFRICA

WHEREAS, Och-Ziff Capital Management Group LLC, a Delaware limited liability company (the "Company"), has been engaged in discussions with the U.S. Department of Justice, Criminal Division, Fraud Section (the "DOJ") and the United States Attorney's Office for the Eastern District of New York (together with the DOJ, the "Offices") regarding issues arising in relation to certain improper payments to foreign officials to facilitate and assist in obtaining business for the Company;

WHEREAS, in order to resolve such discussions, the Company has agreed to enter into a deferred prosecution agreement with the Offices (the "Deferred Prosecution Agreement") and it is also proposed that OZ Africa Management GP, LLC, a Delaware limited liability company ("OZ Africa"), plead guilty pursuant to a plea agreement substantially in the form attached as Annex A hereto in the United States District Court for the Eastern District of New York (the "Plea Agreement"), to be filed simultaneously with the Deferred Prosecution Agreement;

WHEREAS, Och-Ziff Holding Corporation, a Delaware corporation (the "Corporation"), is the general partner of OZ Management LP, the managing member of OZ Africa ("OZM");

WHEREAS, David M. Becker, Esq., Chief Legal Officer of the Company, together with outside counsel for the Company and outside counsel for the Audit Committee, have advised the Board of Directors of the Corporation (the "Board") of OZ Africa's rights, possible defenses, the Sentencing Guidelines' provisions, and the consequences of OZ Africa entering into the Plea Agreement with the Officers;

WHEREAS, the Board desires to approve the terms set forth in the Plea Agreement and authorize any director or officer of the Company, the Company's Chief Legal Officer or his designee, and Gibson, Dunn & Crutcher LLP, outside counsel to the Company and OZ Africa, to execute the Plea Agreement on behalf of OZ Africa (each such person, an "Authorized Person"); and

WHEREAS, the Board desires to authorize each Authorized Person to waive indictment on behalf of OZ Africa, to appear on behalf of OZ Africa in any proceedings relating to the Plea Agreement and the matters to which the Plea Agreement relates and to take all ancillary or related acts on behalf of OZ Africa.

Vice President for the Defendant and that I have been duly authorized by the Defendant to execute the Agreement on behalf of the Defendant.

Date: 9/29/2016

OZ AFRICA MANAGEMENT GP, LLC

By: /S/ Joel M. Frank
Joel M. Frank
Vice President

ATTACHMENT C

CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in its internal controls, compliance code, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-1, *et seq*., and other applicable anti-corruption laws, Och-Ziff Capital Management Group LLC (the "Company") agrees to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

Where necessary and appropriate, the Company agrees to adopt new or to modify existing internal controls, compliance code, policies, and procedures in order to ensure that it maintains: (a) a system of internal accounting controls designed to ensure that the Company makes and keeps fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance program that includes policies and procedures designed to detect and deter violations of the FCPA, foreign law counterparts, and other applicable anti-corruption laws (collectively, the "anti-corruption laws"). At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of the Company's existing internal controls, compliance code, policies, and procedures:

High-Level Commitment

1. The Company will ensure that its directors and senior management provide strong, explicit, and visible support and commitment to its corporate policy against violations of the anti-corruption laws and its compliance code.

Policies and Procedures

2. The Company will develop and promulgate a clearly articulated and visible corporate policy against violations of the anti-corruption laws, which policy shall be memorialized in a written compliance code.

3. The Company will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of the anti-corruption laws and the Company's compliance code, and the Company will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of the anti-corruption laws by personnel at all levels of the Company. These anti-corruption policies and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of the Company in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, "agents and business partners"). The Company shall notify all employees that compliance with the policies and procedures is the duty of individuals at all levels of the company. Such policies and procedures shall address:

a. gifts;

b. hospitality, entertainment, and expenses;

c. customer travel;

d. political contributions;

e. charitable donations and sponsorships;

f. facilitation payments; and

g. solicitation and extortion.

4. The Company will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts. This system should be designed to provide reasonable assurances that:

a. transactions are executed in accordance with management's general or specific authorization;

b. transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;

c. access to assets is permitted only in accordance with management's general or specific authorization; and

d. the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Periodic Risk-Based Review

5. The Company will develop these compliance policies and procedures on the basis of a periodic risk assessment addressing the individual circumstances of the Company, in particular the foreign bribery risks facing the Company, including, but not limited to, its geographical organization, interactions with various types and levels of government officials, industrial sectors of operation, involvement in joint venture arrangements, importance of licenses and permits in the Company's operations, degree of governmental oversight and inspection, and volume and importance of goods and personnel clearing through customs and immigration.

6. The Company shall review its anti-corruption compliance policies and procedures no less than annually and update them as appropriate to ensure their continued effectiveness, taking into account relevant developments in the field and evolving international and industry standards.

Proper Oversight and Independence

7. The Company will assign responsibility to one or more senior corporate executives of the Company for the implementation and oversight of the Company's anti-corruption compliance code, policies, and procedures. Such corporate official(s) shall have the authority to report directly to independent monitoring bodies, including internal audit, the Company's Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

Training and Guidance

8. The Company will implement mechanisms designed to ensure that its anti-corruption compliance code, policies, and procedures are effectively communicated to all directors, officers, employees, and, where necessary and appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors and officers, all employees in positions of leadership or trust, positions that require such training (e.g., internal audit, sales, legal, compliance, finance), or positions that otherwise pose a corruption risk to the Company, and, where necessary and appropriate, agents and business partners; and (b) corresponding certifications by all such directors, officers, employees, agents, and business partners, certifying compliance with the training requirements.

9. The Company will maintain, or where necessary establish, an effective system for providing guidance and advice to directors, officers, employees, and, where necessary and appropriate, agents and business partners, on complying with the Company's anti-corruption compliance code, policies, and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which the Company operates.

Internal Reporting and Investigation

10. The Company will maintain, or where necessary establish, an effective system for internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners concerning violations of the anti-corruption laws or the Company's anti-corruption compliance code, policies, and procedures.

11. The Company will maintain, or where necessary establish, an effective and reliable process with sufficient resources for responding to, investigating, and documenting allegations of violations of the anti-corruption laws or the Company's anti-corruption compliance code, policies, and procedures.

Enforcement and Discipline

12. The Company will implement mechanisms designed to effectively enforce its compliance code, policies, and procedures, including appropriately incentivizing compliance and disciplining violations.

13. The Company will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and the Company's anti-corruption compliance code, policies, and procedures by the Company's directors, officers, and employees. Such procedures should be applied consistently and fairly, regardless of the position held by, or perceived importance of, the director, officer, or employee. The Company shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, compliance code, policies, and procedures and making modifications necessary to ensure the overall anti-corruption compliance program is effective.

Third-Party Relationships

14. The Company will institute appropriate risk-based due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

a. properly documented due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;

b. informing agents and business partners of the Company's commitment to abiding by anti-corruption laws, and of the Company's anti-corruption compliance code, policies, and procedures; and

c. seeking a reciprocal commitment from agents and business partners.

15. Where necessary and appropriate, the Company will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of the anti-corruption laws, the Company's compliance code, policies, or procedures, or the representations and undertakings related to such matters.

Mergers and Acquisitions

16. The Company will develop and implement policies and procedures for mergers and acquisitions requiring that the Company conduct appropriate risk-based due diligence on potential new business entities, including appropriate FCPA and anti-corruption due diligence by legal, accounting, and compliance personnel.

17. The Company will ensure that the Company's compliance code, policies, and procedures regarding the anti-corruption laws apply as quickly as is practicable to newly acquired businesses or entities merged with the Company and will promptly:

a. train the directors, officers, employees, agents, and business partners consistent with Paragraph 8 above on the anti-corruption laws and the Company's compliance code, policies, and procedures regarding anti-corruption laws; and

b. where warranted, conduct an FCPA-specific audit of all newly acquired or merged businesses as quickly as practicable.

Monitoring and Testing

18. The Company will conduct periodic reviews and testing of its anti-corruption compliance code, policies, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and the Company's anti-corruption code, policies, and procedures, taking into account relevant developments in the field and evolving international and industry standards.

ATTACHMENT D

INDEPENDENT COMPLIANCE MONITOR

The duties and authority of the Independent Compliance Monitor (the "Monitor"), and the obligations of Och-Ziff Capital Management Group LLC (the "Company"), on behalf of itself and its subsidiaries and affiliates, with respect to the Monitor and the United States Department of Justice, Criminal Division Fraud Section and United States Attorney's Office for the Eastern District of New York (the "Offices"), are as described below:

1. The Company will retain the Monitor for a period of three (3) years (the "Term of the Monitorship"), unless the early termination provision of Paragraph 3 of the Deferred Prosecution Agreement (the "Agreement") is triggered.

Monitor's Mandate

2. The Monitor's primary responsibility is to assess and monitor the Company's compliance with the terms of the Agreement, including the Corporate Compliance Program in Attachment C, so as to specifically address and reduce the risk of any recurrence of the Company's misconduct. During the Term of the Monitorship, the Monitor will evaluate, in the manner set forth below, the effectiveness of the internal accounting controls, record-keeping, and financial reporting policies and procedures of the Company as they relate to the Company's current and ongoing compliance with the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-1, *et seq*., and other applicable anti-corruption laws (collectively, the "anti-corruption laws") and take such reasonable steps as, in his or her view, may be necessary to fulfill the foregoing mandate (the "Mandate"). This Mandate shall include an assessment of the Board of Directors' and senior management's commitment to, and effective implementation of, the corporate compliance program described in Attachment C of the Agreement.

Company's Obligations

3. The Company shall cooperate fully with the Monitor, and the Monitor shall have the authority to take such reasonable steps as, in his or her view, may be necessary to be fully informed about the Company's compliance program in accordance with the principles set forth herein and applicable law, including applicable data protection and labor laws and regulations. To that end, the Company shall: facilitate the Monitor's access to the Company's documents and resources; not limit such access, except as provided in Paragraphs 5 and 6; and provide guidance on applicable local law (such as relevant data protection and labor laws). The Company shall provide the Monitor with access to all information, documents, records, facilities, and employees, as reasonably requested by the Monitor, that fall within the scope of the Mandate of the Monitor under the Agreement. The Company shall use its best efforts to provide the Monitor with access to the Company's former employees and its third-party vendors, agents, and consultants.

4. Any disclosure by the Company to the Monitor concerning corrupt payments, false books and records, and internal accounting control failures shall not relieve the Company of any otherwise applicable obligation to truthfully disclose such matters to the Offices, pursuant to the Agreement.

Withholding Access

5. The parties agree that no attorney-client relationship shall be formed between the Company and the Monitor. In the event that the Company seeks to withhold from the Monitor access to information, documents, records, facilities, or current or former employees of the Company that may be subject to a claim of attorney-client privilege or to the attorney work-product doctrine, or where the Company reasonably believes production would otherwise be inconsistent with applicable law, the Company shall work cooperatively with the Monitor to resolve the matter to the satisfaction of the Monitor.

6. If the matter cannot be resolved, at the request of the Monitor, the Company shall promptly provide written notice to the Monitor and the Offices. Such notice shall include a general description of the nature of the information, documents, records, facilities or current or former employees that are being withheld, as well as the legal basis for withholding access. The Offices may then consider whether to make a further request for access to such information, documents, records, facilities, or employees.

Monitor's Coordination with the Company and Review Methodology

7. In carrying out the Mandate, to the extent appropriate under the circumstances, the Monitor should coordinate with Company personnel, including in-house counsel, compliance personnel, and internal auditors, on an ongoing basis. The Monitor may rely on the product of the Company's processes, such as the results of studies, reviews, sampling and testing methodologies, audits, and analyses conducted by or on behalf of the Company, as well as the Company's internal resources (e.g., legal, compliance, and internal audit), which can assist the Monitor in carrying out the Mandate through increased efficiency and Company-specific expertise, provided that the Monitor has confidence in the quality of those resources.

8. The Monitor's reviews should use a risk-based approach, and thus, the Monitor is not expected to conduct a comprehensive review of all business lines, all business activities, or all markets. In carrying out the Mandate, the Monitor should consider, for instance, risks presented by: (a) the countries and industries in which the Company operates; (b) current and future business opportunities and transactions; (c) current and potential business partners, including third parties and joint ventures, and the business rationale for such relationships; (d) the Company's gifts, travel, and entertainment interactions with foreign officials; and (e) the Company's involvement with foreign officials, including the amount of foreign government regulation and oversight of the Company, such as licensing and permitting, and the Company's exposure to customs and immigration issues in conducting its business affairs.

9. In undertaking the reviews to carry out the Mandate, the Monitor shall formulate conclusions based on, among other things: (a) inspection of relevant documents, including the Company's current anti-corruption policies and procedures; (b) on-site observation of selected systems and procedures of the Company at sample sites, including internal accounting controls, record-keeping, and internal audit procedures; (c) meetings with, and interviews of, relevant current and, where appropriate, former directors, officers, employees, business partners, agents, and other persons at mutually convenient times and places; and (d) analyses, studies, and testing of the Company's compliance program.

Monitor's Written Work Plans

10. To carry out the Mandate, during the Term of the Monitorship, the Monitor shall conduct an initial review and prepare an initial report, followed by at least two follow-up reviews and reports as described in Paragraphs 16 through 19 below. With respect to the initial report, after consultation with the Company and the Offices, the Monitor shall prepare the first written work plan within thirty (30) calendar days of being retained, and the Company and the Offices shall provide comments within thirty (30) calendar days after receipt of the written work plan. With respect to each follow-up report, after consultation with the Company and the Offices, the Monitor shall prepare a written work plan at least thirty (30) calendar days prior to commencing a review, and the Company and the Offices shall provide comments within twenty (20) calendar days after receipt of the written work plan. Any disputes between the Company and the Monitor with respect to any written work plan shall be decided by the Offices in their sole discretion.

11. All written work plans shall identify with reasonable specificity the activities the Monitor plans to undertake in execution of the Mandate, including a written request for documents. The Monitor's work plan for the initial review shall include such steps as are reasonably necessary to conduct an effective initial review in accordance with the Mandate, including by developing an understanding, to the extent the Monitor deems appropriate, of the facts and circumstances surrounding any violations that may have occurred before the date of the Agreement. In developing such understanding the Monitor is to rely to the extent possible on available information and documents provided by the Company. It is not intended that the Monitor will conduct his or her own inquiry into the historical events that gave rise to the Agreement.

Initial Review

12. The initial review shall commence no later than one hundred twenty (120) calendar days from the date of the engagement of the Monitor (unless otherwise agreed by the Company, the Monitor, and the Offices). The Monitor shall issue a written report within one hundred twenty (120) calendar days of commencing the initial review, setting forth the Monitor's assessment and, if necessary, making recommendations reasonably designed to improve the effectiveness of the Company's program for ensuring compliance with the anti-corruption laws. The Monitor should consult with the Company concerning his or her findings and recommendations on an ongoing basis and should consider the Company's comments and input to the extent the Monitor deems appropriate. The Monitor may also choose to share a draft of his or her reports with the Company prior to finalizing them. The Monitor's reports need not recite or describe comprehensively the Company's history or compliance policies, procedures and practices, but rather may focus on those areas with respect to which the Monitor wishes to make recommendations, if any, for improvement or which the Monitor otherwise concludes merit particular attention. The Monitor shall provide the report to the Board of Directors of the Company and contemporaneously transmit copies to the Chief — FCPA Unit, Fraud Section, Criminal Division, United States Department of Justice, at 1400 New York Avenue N.W., Bond Building, Eleventh Floor, Washington, D.C. 20005 and Chief, Business and Securities Fraud Section, United States Attorney's Office, Eastern District of New York, 271-A Cadman Plaza East, Brooklyn, New York 11201. After consultation with the Company, the Monitor may extend the time period for issuance of the initial report for a brief period of time with prior written approval of the Offices.

13. Within one hundred and twenty (120) calendar days after receiving the Monitor's initial report, the Company shall adopt and implement all recommendations in the report, unless, within sixty (60) calendar days of receiving the report, the Company notifies in writing the Monitor and the Offices of any recommendations that the Company considers unduly burdensome, inconsistent with applicable law or regulation, impractical, excessively expensive, or otherwise inadvisable. With respect to any such recommendation, the Company need not adopt that recommendation within the one hundred and twenty (120) days of receiving the report but shall propose in writing to the Monitor and the Offices an alternative policy, procedure or system designed to achieve the same objective or purpose. As to any recommendation on which the Company and the Monitor do not agree, such parties shall attempt in good faith to reach an agreement within forty-five (45) calendar days after the Company serves the written notice.

14. In the event the Company and the Monitor are unable to agree on an acceptable alternative proposal, the Company shall promptly consult with the Offices. The Offices may consider the Monitor's recommendation and the Company's reasons for not adopting the recommendation in determining whether the Company has fully complied with its obligations under the Agreement. Pending such determination, the Company shall not be required to implement any contested recommendation(s).

15. With respect to any recommendation that the Monitor determines cannot reasonably be implemented within one hundred and twenty (120) calendar days after receiving the report, the Monitor may extend the time period for implementation with prior written approval of the Offices.

Follow-Up Reviews

16. A follow-up review shall commence no later than one hundred-twenty (120) calendar days after the issuance of the initial report (unless otherwise agreed by the Company, the Monitor and the Offices). The Monitor shall issue a written follow-up report within ninety (90) calendar days of commencing the follow-up review, setting forth the Monitor's assessment and, if necessary, making recommendations in the same fashion as set forth in Paragraph 12 with respect to the initial review. After consultation with the Company, the Monitor may extend the time period for issuance of the follow-up report for a brief period of time with prior written approval of the Offices.

17. Within ninety (90) calendar days after receiving the Monitor's follow-up report, the Company shall adopt and implement all recommendations in the report, unless, within thirty (30) calendar days after receiving the report, the Company notifies in writing the Monitor and the Offices concerning any recommendations that the Company considers unduly burdensome, inconsistent with applicable law or regulation, impractical, excessively expensive, or otherwise inadvisable. With respect to any such recommendation, the Company need not adopt that recommendation within the ninety (90) calendar days of receiving the report but shall propose in writing to the Monitor and the Offices an alternative policy, procedure, or system designed to achieve the same objective or purpose. As to any recommendation on which the Company and the Monitor do not agree, such parties shall attempt in good faith to reach an agreement within thirty (30) calendar days after the Company serves the written notice.

18. In the event the Company and the Monitor are unable to agree on an acceptable alternative proposal, the Company shall promptly consult with the Offices. The Offices may consider the Monitor's recommendation and the Company's reasons for not adopting the recommendation in determining whether the Company has fully complied with its obligations under the Agreement. Pending such determination, the Company shall not be required to implement any contested recommendation(s). With respect to any recommendation that the Monitor determines cannot reasonably be implemented within ninety (90) calendar days after receiving the report, the Monitor may extend the time period for implementation with prior written approval of the Offices.

19. The Monitor shall undertake a second follow-up review pursuant to the same procedures described in Paragraphs 16 through 18. Following the second follow-up review, the Monitor shall certify whether the Company's compliance program, including its policies and procedures, is reasonably designed and implemented to prevent and detect violations of the anti-corruption laws. The final follow-up review and report shall be completed and delivered to the Offices no later than thirty (30) days before the end of the Term.

Monitor's Discovery of Misconduct

20. Should the Monitor, during the course of his or her engagement, discover that: (a) improper payments or anything of value may have been offered, promised, made, or authorized by any entity or person within the Company or any entity or person working, directly or indirectly, for or on behalf of the Company; (b) the Company may have maintained false books, records or accounts; or (c) the Company may have failed to implement a system of internal accounting controls that is sufficient to accurately record the Company's transactions (collectively "Misconduct"); then except as set forth below, the Monitor must immediately report Misconduct to the Company's General Counsel, Chief Compliance Officer, and Audit Committee for further action; unless the Misconduct was already so disclosed. If the Monitor believes that any Misconduct did actually occur or may constitute a violation of law, the Monitor must immediately report the Offices. When the Monitor in his or her discretion believes that disclosure to the Company would be inappropriate under the circumstances, the Monitor should disclose the Misconduct solely to the Offices, and, in such cases, disclosure of the Misconduct to the General Counsel, Chief Compliance Officer, and/or the Audit Committee of the Company should occur as promptly and completely as the Offices and the Monitor deem appropriate under the circumstances. The Monitor shall address in his or her reports the appropriateness of the Company's response to disclosed Misconduct, whether previously disclosed to the Offices or not. Further, in the event that the Company, or any entity or person working directly or indirectly for or on behalf of the Company, withholds information necessary for the performance of the Monitor's responsibilities, if the Monitor believes that such withholding is without just cause, the Monitor shall disclose that fact to the Offices. The Company shall not take any action to retaliate against the Monitor for any such disclosures or for any other reason. The Monitor shall report criminal or regulatory violations by the Company or any other entity discovered in the course of performing his or her duties, in the same manner as described above.

Meetings During Pendency of Monitorship

21. The Monitor shall meet with the Offices within thirty (30) calendar days after providing each report to the Offices to discuss the report, to be followed by a meeting between the Offices, the Monitor, and the Company.

22. At least annually, and more frequently if appropriate, representatives from the Company and the Offices will meet together to discuss the monitorship and any suggestions, comments, or improvements the Company may wish to discuss with or propose to the Offices, including with respect to the scope or costs of the monitorship.

Contemplated Confidentiality of Monitor's Reports

23. The reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the reports could discourage cooperation, or impede pending or potential government investigations and thus undermine the objectives of the monitorship. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the Offices determine in their sole discretion that disclosure would be in furtherance of the Offices' discharge of their duties and responsibilities or is otherwise required by law.

Exhibit 10.5

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 78989 / September 29, 2016

INVESTMENT ADVISERS ACT OF 1940
Release No. 4540 / September 29, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17595

In the Matter of **OCH-ZIFF CAPITAL MANAGEMENT GROUP LLC, OZ MANAGEMENT LP, DANIEL S. OCH, and JOEL M. FRANK,** **Respondents.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, AND SECTIONS 203(e), 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER, AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), and Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act"), against Och-Ziff Capital Management Group LLC ("Och-Ziff"), OZ Management LP ("OZ Management"), Daniel S. Och, and Joel M. Frank (collectively, "Respondents").

II.

In anticipation of the institution of these proceedings, Respondents Och-Ziff and OZ Management each have submitted an Offer of Settlement which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondents Och-Ziff and OZ Management admit the Commission's jurisdiction over them and the subject matter of these proceedings, and each consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934 and Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

In anticipation of the institution of these proceedings, Respondents Och and Frank each have submitted an Offer of Settlement which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section VII, Respondents Och and Frank each consent to the entry of this Order, as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds[1] that:

1 The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

Summary

1. Beginning in 2007 and continuing through 2011, Och-Ziff, primarily through the misconduct of two senior employees, entered into a series of transactions and investments in which Och-Ziff paid bribes through intermediaries, agents and business partners to high ranking government officials in multiple African countries including Libya, Chad, Niger, and the Democratic Republic of the Congo ("DRC"). These bribes were paid with the specific knowledge of a senior Och-Ziff employee who was the head of Och-Ziff Europe ("Och-Ziff Employee A") and in certain cases, of an Och-Ziff investment professional working in Och-Ziff's European office ("Och-Ziff Employee B"), but other executives at Och-Ziff ignored red flags and corruption risks and permitted these transactions to proceed. Bribes were paid to corruptly influence foreign government officials in order to obtain or retain business for Och-Ziff and its business partners. Och-Ziff invested in countries and industries known for corrupt business dealings, and purposefully transacted with agents and business partners with high level connections to foreign government officials who funneled corrupt payments to those officials.

2. During this period, Och-Ziff entered into the following transactions in which corrupt payments were made:

a. An investment by the Libyan Investment Authority ("LIA") of $300 million into Och-Ziff funds in 2007. To secure the LIA investment, Och-Ziff used an agent to pay bribes to high ranking Libyan government officials. With the knowledge of the Och-Ziff Employee A, bribes of more than $3 million were paid to Libyan government officials.

b. An investment of $40 million by Och-Ziff funds into a Libyan property development project in 2007. Och-Ziff used investor funds to pay a $400,000 "deal fee" to its agent in Libya as part of its investment. Och-Ziff Employee A knew or was willfully blind to the high probability that Och-Ziff's agent would then use those funds to pay bribes to benefit the property development project.

c. A loan of more than $86 million and funding of more than $10 million from Och-Ziff investor funds to one of Och-Ziff's South African partners in African Global Capital I ("AGC I"), an Africa mining-focused fund, in 2007 and 2008. Of the funds provided to its business partner in AGC I, with the knowledge or willful blindness of Och-Ziff Employee A and Och-Ziff Employee B, millions went towards bribes to foreign government officials, illicit payments to middlemen, the personal benefit of its business partners, and expenditures unrelated to the investment. Och-Ziff failed to conduct sufficient due diligence on the use of investor funds or impose sufficient internal accounting controls to prevent the misuse of funds by its South African partner.

d. A convertible loan of approximately $124 million from Och-Ziff investor funds through AGC I to an entity affiliated with an Israeli businessman, to purchase mining assets in the Democratic Republic of the Congo ("DRC") in 2008. This businessman became Och-Ziff's partner in the DRC. With the knowledge of Och-Ziff Employee A and Och-Ziff Employee B, a significant portion of the money was used by Och-Ziff's partner in the DRC to pay bribes to high-ranking DRC officials to secure mining assets for Och-Ziff and its partner.

e. A margin loan for $130 million from Och-Ziff investor funds to another entity controlled by the same DRC partner in 2010 and 2011. Of the total, $84.1 million was provided to Och-Ziff's partner in the DRC with no restrictions or oversight by Och-Ziff. Och-Ziff Employee A and Och-Ziff Employee B knew that Och-Ziff's partner would pay bribes to high-ranking DRC government officials, and others within Och-Ziff knew of allegations of corruption against him and his close political ties within the DRC. Och-Ziff's partner then used the funds to pay bribes.

f. A purchase of shares by African Global Capital II ("AGC II"), the second Africa-focused fund created by Och-Ziff, in a London-based oil exploration company in 2011. Och-Ziff caused AGC II to purchase the shares from its South African partner in order to provide him with capital to use for other purposes. From there, the partner paid more than $1 million to a consultant who then used those funds to pay bribes to government officials in Guinea. Och-Ziff failed to conduct sufficient due diligence on the use of investor funds to prevent the payment of bribes. Och-Ziff Employee B knew or was willfully blind to the high probability that AGC II funds would be used by this consultant to pay bribes.

3. In most cases, the above transactions involved the use of managed investor funds rather than Och-Ziff's own capital. OZ Management, a registered investment adviser which managed the various investor funds entrusted to Och-Ziff, authorized the use of funds in transactions in which bribes were paid to foreign government officials to obtain or retain business for Och-Ziff and its business partners. Och-Ziff categorized these transactions as investments or convertible loans despite the fact that two Och-Ziff employees, Och-Ziff Employee A and Och-Ziff Employee B, knew that investor funds would be used to pay bribes. Investor funds were also used in self-dealing transactions to benefit Och-Ziff Employee A, Och-Ziff's business partners, and Och-Ziff itself.

4. Och-Ziff Employee A and Och-Ziff Employee B purposefully caused OZ Management to omit material facts to ensure that corrupt transactions would proceed and to engage in self-dealing. OZ Management failed to disclose all material facts and conflicts of interest in its communications with investors in certain AGC II transactions or to adequately control the use of investor funds. OZ Management made material misrepresentations or omissions and engaged in self-dealing in the following transactions:

a. A purchase of $20 million in shares in a privately held London-based mining company by AGC II in 2010. Och-Ziff Employee A knew that $4 million would be routed by an intermediary to Och-Ziff Employee A's personal account to offset an outstanding personal loan from Och-Ziff Employee A to that intermediary. Och-Ziff Employee A further directed that an additional $4 million be paid in secret through the intermediary to an AGC business partner without disclosure to AGC II investors.

b. An investment by AGC II in oil rights in the Republic of the Congo ("Congo-Brazzaville") through an oil exploration and development company which was majority controlled by Och-Ziff and South African Business Partner ("Company A"), in 2010. Och-Ziff failed to disclose material facts regarding the origins of this transaction, the true purpose of payments to its AGC business partner in the transaction, and the justification for payments to intermediaries.

c. An AGC II purchase of shares in a London-based oil and gas company for $77 million in 2011. Och-Ziff, through Och-Ziff Employee A and Och-Ziff Employee B, structured the transaction to provide $50 million cash to its AGC business partner to further his and potentially Och-Ziff's interests in The Republic of Guinea ("Guinea"), a country in which this business partner had a high-placed agent in the entourage of a senior government official. Och-Ziff Employee A and Och-Ziff Employee B also included within the purchase price an additional $2 million for the partner to repay an outstanding debt to Och-Ziff. Och-Ziff failed to disclose accurate terms of the transaction or its own self-dealing to AGC II investors.

5. As a result of the foregoing, Och-Ziff did not accurately and fairly reflect the disposition of assets involved in these transactions in its books and records, and did not devise and maintain an adequate system of internal accounting controls to prevent these violations. It inaccurately reflected in its books and records that the expenditures of investor funds were for legitimate investments and not, in whole or in part, corrupt payments to foreign government officials. Och-Ziff also failed to devise and maintain an adequate system of internal accounting controls to prevent these payments. It failed to follow certain of its own internal accounting controls, failed to conduct adequate due diligence, and failed to implement other appropriate financial controls to detect or prevent the payment of bribes.

6. This matter also concerns violations by Daniel S. Och, Chief Executive Officer and Chairman of the Board of Och-Ziff, and Joel M. Frank, Chief Financial Officer of Och-Ziff. As Och-Ziff's Chief Executive Officer, Och had final decision-making authority on all private investments by Och-Ziff, including the transactions described above. Och personally approved the expenditure of funds in two transactions with Och-Ziff's partner in the DRC in which bribes were paid. Those bribes were then inaccurately recorded as investments or loans on Och-Ziff's books and records rather than bribe payments. As Och-Ziff's Chief Financial Officer, Joel M. Frank was responsible for maintaining the accuracy of Och-Ziff's books and records and for devising and maintaining Och-Ziff's system of internal accounting controls. Frank approved the expenditure of Och-Ziff funds in transactions in which bribes or improper payments were made. Both Och and Frank were aware of the high risk of corruption in transactions with Och-Ziff's DRC partner in light of his reputation and connections to high level DRC government officials. Despite these risks, Och approved and Frank authorized Och-Ziff to enter into each of these transactions. As a result, although neither Och nor Frank knew that bribes would be paid, Och caused Och-Ziff's books and records violations in two DRC transactions, and Frank caused the company's books and records and internal controls violations in connection with the two DRC Partner transactions and the LIA fee payment.

Respondents

7. **Och-Ziff Capital Management Group LLC**, an institutional alternative asset manager or "hedge fund" incorporated in Delaware with its principal place of business in New York, New York. Och-Ziff's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and is listed on the New York Stock Exchange (ticker: OZM). Och-Ziff controls numerous consolidated subsidiaries and affiliates through which it operates and provides investment advisory and management services to Och-Ziff investor funds in return for management fees and incentive income.

8. **OZ Management LP** is registered investment adviser and subsidiary of Och-Ziff with its place of business in New York, New York. Since 1999, OZ Management has been registered with the Commission as an investment adviser. OZ Management provides asset management services to Och-Ziff investor funds. The financial results of certain Och-Ziff subsidiaries, including OZ Management and its subsidiaries and affiliates, are ultimately consolidated into the financial statements of Och-Ziff.

9. **Daniel S. Och**, age 55, resides in Scarsdale, New York. Och is the founder, Chief Executive Officer, and Chairman of the Board of Och-Ziff, as well as an officer and partner in OZ Management. He is a U.S. citizen.

10. **Joel M. Frank**, age 61, resides in New York, New York. Frank is the Chief Financial Officer for Och-Ziff and OZ Management, and an officer and partner in OZ Management. He is a U.S. citizen.

Bribery of Libyan Officials

11. In 2007, Och-Ziff Employee A, the head of Och-Ziff's European office, began attempts to obtain clients and investment opportunities in Libya, which had emerged from international sanctions and was opening to Western investment and business. Libya created a sovereign wealth fund, the Libyan Investment Authority, to manage the country's oil and other assets. To help with Och-Ziff's efforts in Libya, Och-Ziff Employee A enlisted a London-based business associate with whom Och-Ziff had previously done business ("Libyan Agent"). Och-Ziff Employee A knew that Libyan Agent had contacts within the Libyan government at the highest levels. Och-Ziff Employee A and others at Och-Ziff also knew that Libyan Agent was not a financial consultant or advisor, but rather a middleman whose primary contribution to transactions were his connections to foreign government officials and his complicated network of offshore entities.

A. Bribery to Secure the LIA Investment in Och-Ziff

12. In early 2007, Och-Ziff Employee A sought assistance from Libyan Agent to secure an investment mandate whereby the LIA would invest in Och-Ziff's managed funds. Libyan Agent told Och-Ziff Employee A that he needed to receive a fee if his efforts on behalf of Och-Ziff were successful and resulted in an investment by the LIA. Och-Ziff Employee A agreed to have Och-Ziff pay the fee, knowing that Libyan Agent would use any fee he received to pay bribes.

13. Libyan Agent arranged a meeting for Och-Ziff Employee A in Vienna in March 2007 at which he introduced Och-Ziff Employee A to two Libyan government officials, including one of the sons of Colonel Muammar Gaddafi, Libya's ruler at the time. This son was the driving force behind the creation of the LIA. A senior executive with the LIA was also at the meeting. Och-Ziff Employee A later described this government official as Colonel Gaddafi's son's "right hand man at the lia [sic]." Subsequent due diligence by Och-Ziff noted that this individual "looks after" the interests of Colonel Gaddafi's son at the LIA and in a commercial business. Also present at the meeting was a Tunisian business associate of the two Libyan government officials who was a member of Colonel Gaddafi's son's entourage ("Tunisian Agent"). The two Libyan government officials had significant control over investments made by the LIA. The purpose of this meeting was to introduce Och-Ziff Employee A to the foreign officials and the Tunisian Agent in order to facilitate the bribery of those officials in exchange for the LIA investing its money with Och-Ziff.

14. Och-Ziff Employee A communicated his progress with the LIA and Libyan Agent to Och. After the meeting in Vienna, Och-Ziff Employee A emailed Och that the "[m]eetings are amazing. They have 77 billion, half in cash and no idea who to give it to." Och-Ziff Employee A further told Och "I haven't been this excited in a while." Och later asked Och-Ziff Employee A about progress with the LIA, to which Och-Ziff Employee A responded: "I thought you were against it so I havent (sic) pursued it. The agent wants to come in and see me this week. You OK with that?" Och replied "I will be ok. Will call you." Throughout 2007, Och and Och-Ziff Employee A continued to communicate regarding the progress of the LIA investment and the agent.

15. Libyan Agent and Och-Ziff Employee A engaged in a scheme with Libyan government officials to funnel bribe payments from Och-Ziff to those officials in exchange for their support for the LIA's investment with Och-Ziff. A third Libyan government official, the head of Libya's powerful state security services and Libyan Agent's longstanding patron in Libya, was also part of the bribery scheme. Och-Ziff Employee A knew that Libyan Agent was acting on behalf of these government officials and that Libyan Agent would use the fee from Och-Ziff to bribe these government officials to help Och-Ziff obtain an investment from the LIA.

16. The scheme was successful. In or about November 2007, the LIA agreed to invest $300 million into Och-Ziff funds and those funds were invested on December 1, 2007. At the same time, Libyan Agent and Och-Ziff Employee A requested from Och-Ziff payment of a fee to effectuate the secret agreement Libyan Agent and Och-Ziff Employee A had previously discussed. In early December 2007, Och-Ziff agreed to pay Libyan Agent the fee he had negotiated on behalf of the government officials with Och-Ziff Employee A. Och-Ziff also agreed to pay the fee to an offshore special purpose vehicle ("SPV") identified by Libyan Agent rather than directly to Libyan Agent himself or his London-based company.

17. Och-Ziff was aware of risks in dealing both with the LIA and Libyan Agent when it agreed to pay his fee. Respondent Frank and a senior Och-Ziff attorney were involved in the decision to pay Libyan Agent for sourcing the LIA investment into Och-Ziff funds, and Frank reviewed due diligence reports on Libyan Agent. Through this report, Och-Ziff was aware of Libyan Agent's connections at the highest levels within the Libyan government, including with the Gaddafi family. Och-Ziff was also aware through a background due diligence report that Libyan Agent operated as a "fixer" with opaque business interests run through offshore holding companies which made his business interests "hard to pin down." According to the report, this meant that "there is little documented evidence of [Libyan Agent's company's] activities either in the UK or internationally." Despite the risks, Och-Ziff paid Libyan Agent via his offshore SPV.

18. Och-Ziff conducted no separate due diligence on the shell company designated to receive the payment, and entered into contractual obligations with the entity itself rather than Libyan Agent, thus placing no restrictions on the agent's conduct. These failings were contrary to Och-Ziff's recommended anti-corruption guidelines and internal accounting controls.

19. Libyan Agent's role in the transaction was kept secret from LIA officials apart from those involved in the bribery scheme. Libyan Agent did not attend any of the official meetings between Och-Ziff and the LIA; he was not copied on email or correspondence with the LIA; and his role in facilitating the transaction was not discussed with any employees of the LIA who were not part of the bribery scheme. Frank was involved in the decision to pay Libyan Agent for sourcing the LIA investment into Och-Ziff funds. Based in part on corruption concerns, Och-Ziff's internal compliance rules regarding investor solicitations, and conformity with other U.S. securities laws that were later determined not to apply, a senior Och-Ziff attorney initially sought contractual language requiring proof that Libyan Agent had notified the LIA of his role and the fee he was paid by Och-Ziff. However, Libyan Agent refused to agree to provide such proof, and Och-Ziff agreed to remove this obligation and instead allowed Libyan Agent's entity to represent (without requiring proof) that he had notified the LIA of his involvement and fee.

20. Och-Ziff Employee A knew that Libyan Agent's role in helping Och-Ziff could not be discussed openly with the LIA apart from the officials involved in the bribery scheme. Och-Ziff Employee A also knew that Libyan Agent would not disclose his role and fee to the LIA regardless of his contractual obligation to do so. Och-Ziff Employee A and Libyan Agent discussed ways to avoid disclosing Libyan Agent's role to the LIA, including requiring Libyan Agent to give notice to the LIA which he would then fail to deliver. Och-Ziff Employee A knew that Libyan Agent never informed the LIA of his payment by Och-Ziff.

21. Och-Ziff did not enter into a written agreement directly with Libyan Agent or place any restrictions or limitations on Libyan Agent personally. Instead, in January 2008 Och-Ziff executed two agreements with Libyan Agent's Guernsey-based SPV, but dated those agreements as of December 2007. The first, a consultancy agreement, stated that the SPV "has technical and commercial expertise in Libya as a consultant to companies (in particular in information gathering, strategic analysis, high level introduction, negotiations, and promotion of projects and implementation)." This description was misleading in that the SPV itself had no interactions in Libya and no employees, and Libyan Agent's involvement was limited to providing an introduction to the LIA and paying bribes. The consulting agreement was also forward-looking despite the fact that Libyan Agent had already assisted Och-Ziff since early 2007 in securing the LIA investment. A separate representation letter agreement with the SPV also confirmed that the LIA "has been informed in writing of the Agreement and the consideration payable to ourselves thereunder." This representation was false, and Libyan Agent did not disclose his role in the Och-Ziff investment to the LIA apart from those officials involved in the bribe scheme. The second agreement also contained anti-corruption representations and warranties by the trustee for the SPV receiving the payment, but no such representations or warranties from Libyan Agent, his partner, or his London-based entity.

22. In January and October 2008, Och-Ziff transferred a total of $3.75 million to Libyan Agent's shell company. Libyan Agent then directed the transfer of approximately $2.5 million from those funds to an account held by Tunisian Agent for the benefit of the two senior LIA officials, including the son of Colonel Gaddafi. During this period, Libyan Agent also directed payments of more than $1 million through his network of offshore companies to benefit his longstanding patron in Libya's state security services.

23. Och-Ziff did not obtain a copy of any written notification to the LIA regarding Libyan Agent, or seek to obtain a copy of such notification at any time. Further, at no point did Och-Ziff inform the LIA of Libyan Agent's role in securing the LIA investment. Throughout Och-Ziff's interactions with the LIA from 2008 to 2011, at no point did Och-Ziff disclose to the LIA the Libyan Agent's role with Och-Ziff, and Libyan Agent was not copied on communications with the LIA or present at any Och-Ziff meetings with the LIA.

24. Throughout 2008 and 2009, Och-Ziff Employee A continued to use Libyan Agent in attempts to solicit additional investments in Libya and from the LIA, touting Libyan Agent's high level connections and ability to use this influence in Libya. Och-Ziff Employee A used Libyan Agent to assist other Och-Ziff portfolio companies in doing business in Libya, including a transaction in which Libyan Agent also acted as an agent of the Libyan government. In January 2008, Och-Ziff Employee A described Libyan Agent's Libyan connections to a third-party Och-Ziff portfolio company as "very close to [the son of Colonel Gaddafi], LIA and other government officials. We have done three deals with him in Tripoli…He has also been instrumental in introducing us to LIA as an investor in OZ." Och-Ziff Employee A specifically noted Libyan Agent's ability to "get things done" and "deliver" on a deal in Libya. Och-Ziff Employee A failed to inform Och-Ziff legal or compliance that Och-Ziff's agent for the LIA transaction was also acting as an agent of the Libyan government at the same time.

25. In its books and records, Och-Ziff recorded the fee paid to Libyan Agent as "Professional Services — Other." This designation was inaccurate; the payment was for an introduction and to pay bribes, and not for professional services.

26. Based on the foregoing facts, Och-Ziff violated Sections 30A and 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act through its intentional payment of bribes to Libyan government officials, inaccurate recording of the bribe payments on its books and records, and failure to devise or maintain internal accounting controls sufficient to provide reasonable assurances that its funds would not be used to pay bribes. Further, by his acts or omissions Frank caused violations of Sections 13(b)(2)(A) and 13(b)(2)(B) by Och-Ziff.

B. Bribery Relating to Libyan Property Development Project

27. In October 2007, Och-Ziff invested in a hotel and office tower project in Libya. This project was founded and controlled by Libyan Agent, and Och-Ziff began its investment into the project at the same time it was using Libyan Agent to solicit funds from the LIA. For Och-Ziff Employee A, the development project was "making a bet on Libya here and relationship [with Libyan Agent]."

28. Prior to Och-Ziff's investment, Libyan Agent provided equity stakes in the company to his Libyan patron and to a daughter of Colonel Gaddafi in exchange for valuable land leases on key properties on which the developments would be built. Och-Ziff Employee A and other Och-Ziff investment professionals in London were aware of the involvement of the Gaddafi family in the development project. In one review of the project Och-Ziff Employee A wrote "Gathafi Hotels" to describe a subsidiary of the project. Later, while Och-Ziff held a board seat at the development company, Och-Ziff's board representative for the development company received emails that described Colonel Gaddafi's daughter as "our JV partner" at the development company.

29. At Och-Ziff Employee A's urging, Och-Ziff provided a convertible loan of $40 million to the development company in October 2007. Och-Ziff Employee A also agreed to pay a $400,000 deal fee to Libyan Agent for sourcing the transaction. Because ongoing bribes were necessary to operate the project in Libya, a portion of the deal fee paid to Libyan Agent by Och-Ziff went towards bribes. Och-Ziff Employee A knew that Libyan Agent would use the deal fee to pay bribes to benefit the development project.

30. Och-Ziff approved the payment of the $400,000 deal fee in November 2007 without conducting separate due diligence on the offshore SPV receiving the funds or, apart from Och-Ziff Employee A, understanding the justification for the payment. Further, Och-Ziff did not enter into a contract with Libyan Agent or the SPV receiving the fee before it was paid. Och-Ziff therefore paid the deal fee without taking sufficient steps to detect or prevent the payment of bribes by Libyan Agent using investor funds.

31. Based on the foregoing facts, Och-Ziff violated Sections 30A and 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act through its intentional payment of a bribe to a Libyan government official, inaccurate recording of the bribe payment on its books and records, and failure to devise or maintain internal accounting controls sufficient to provide reasonable assurances that its funds would not be used to pay bribes.

Books and Records, Internal Controls, and Advisers Act Violations in AGC I

32. Beginning in 2007, Och-Ziff formed the African Global Capital ("AGC") joint venture to invest in natural resource assets in Africa. The project was led by Och-Ziff Employee A and employees in Och-Ziff's European office. Och-Ziff co-managed the fund and provided capital, infrastructure (including compliance support), and investment expertise to AGC. Och-Ziff held its advisory and management interest in AGC through Africa Management Limited ("AML"), which was registered as an affiliated adviser to OZ Management in March 2008. AML was owned 40% by Och-Ziff and 60% by its joint venture partner. OZ Management held its advisory and management interest in AML through a wholly-owned and controlled subsidiary, OZ Africa Management GP, LLC ("OZ Africa Management"), but Och-Ziff had joint control over all investments and operations of AGC and AML. The first fund, AGC I, was funded using existing Och-Ziff investor funds.

33. As part of its strategy, Och-Ziff teamed with business partners with high-level political connections in Africa, who in turn used these connections to source deals for the fund and navigate political issues in the various countries. In pursuit of business, Och-Ziff did not impose adequate controls on the use of investor funds by its business partners or conduct due diligence into the specific uses of investor funds by those partners. As a result, Och-Ziff's business partners misused investor funds, enriched themselves, and paid bribes to various government officials.

34. Och-Ziff chose a prominent figure in South Africa as a potential partner for AGC. This individual was a former government official as well as a successful businessman through his South African-based conglomerate. Although Och-Ziff envisioned his conglomerate as a part of AGC, it never became part of the joint venture. However, the co-founder of his South African conglomerate became the Chief Executive Officer of AML despite the conglomerate not contributing assets to the joint venture. An individual with a close connection to the co-founders of the South African conglomerate ("South African Business Partner") became Och-Ziff's partner in AGC despite having a limited history of mining operations in Africa. South African Business Partner controlled a private operating entity domiciled outside of South Africa, and he was designated to source and acquire assets for AGC.

35. The first step towards the creation of AGC I took place in May 2007 when Och-Ziff entered into a series of loan agreements with South African Business Partner's entity. These loans, totaling more than $86 million, were ostensibly made to acquire mining rights in Africa which would then be contributed into AGC I upon its formation, to buy out minority shareholders in those assets, and to then fund mining operations. South African Business Partner used part of the funds loaned by Och-Ziff to acquire mining rights in Chad and Niger and to invest in an Africa-focused oil company, Company A. He also used a portion of the funds to pay bribes to facilitate the acquisitions. In 2008, the assets acquired by South African Business Partner were contributed to AGC I, and Och-Ziff converted its existing loan into an equity stake in AGC I. Prior to the inclusion of these assets into AGC I, Och-Ziff conducted due diligence into South African Business Partner's ownership of the assets through various SPVs and subsidiaries. However, Och-Ziff failed to conduct any due diligence or investigation into how South African Business Partner spent the loan from Och-Ziff funds, how he had acquired the assets contributed to the joint venture, what minority investors had been bought out, or whether the assets were acquired through bribery using Och-Ziff investor funds.

36. Although Och-Ziff imposed representations and warranties on its business partner and required then to take Foreign Corrupt Practices Act ("FCPA") training, as noted below, Och-Ziff did not impose sufficient controls on, and did not investigate what those partners were actually doing with Och-Ziff investor funds despite suspicion that its business partners were engaged in corrupt transactions and self-dealing. In particular, Och-Ziff Employee A knew or was willfully blind to the high probability that South African Business Partner would use the loan proceeds to pay bribes to government officials in order to win mining deals. In 2007 prior to Och-Ziff's loan, Och-Ziff Employee A learned that South African Business Partner had access to certain deals through bribes or corrupt schemes. One deal presented to Och-Ziff Employee A in March 2007 by South African Business Partner would have cost "$20-$25 million (includes $5 million for the ongoing Presidential campaign…)." Och-Ziff did not participate in this particular deal, but did enter into multiple agreements with the individuals proposing the bribery scheme through its ongoing investments with South African Business Partner and Company A over the next four years. Following the formation of AGC, others at Och-Ziff, including the legal and compliance groups, learned that South African Business Partner had engaged in potential unlawful activities in the past. In one regulatory filing in early 2008, Och-Ziff informed a foreign government regulator that South African Business Partner had engaged in potentially criminal activity in Angola relating to an asset he sought to sell to AGC I. Also in early 2008, Och-Ziff's legal and compliance group stopped a potential AGC I transaction in which the local Zimbabwean partner in a coal transaction identified by South African Business Partner was reportedly a front for a high-ranking Zimbabwean government official. Despite this information, Och-Ziff continued to provide funds to and do business with South African Business Partner through 2011 without sufficient oversight over his use of investor funds.

37. Och-Ziff knew that South African Business Partner was using Och-Ziff funds to purchase mining rights either from foreign governments or unknown third-parties, buy out minority shareholders in various entities, and pay substantial amounts to "consultants" with no explanation for the work done to justify these payments. Och-Ziff Employee A acknowledged in 2007 to his AGC partners that "you buy assets and sign contracts without our approval, but thats [sic] what you guys do best and we let you do it." Och-Ziff Employee A was willing to allow South African Business Partner to operate without oversight because he knew or was willfully blind to the high probability that bribes would be paid to acquire assets. Others at Och-Ziff recognized the potential FCPA risks in dealing with South African Business Partner and investing in mining transactions Africa. For example, in 2007, during a meeting to discuss private investments by Och-Ziff Europe, a presentation regarding AGC noted that "imposing [Och-Ziff's] standards of care on [AGC] going forward…has proved a particularly contentious issue with respect to FCPA rules as an example but is a must." This presentation further stated that "[o]ne of the most difficult areas has been finding the right disincentive to our partners for any breach [of FCPA and Och-Ziff's standards]. This is key as we are not the ones controlling what happens on the ground." Despite understanding the risks, Och-Ziff did not conduct adequate due diligence to investigate whether AGC I assets were being acquired through bribery.

38. Of the total amount contributed by Och-Ziff towards the Chad and Niger mining assets, only a portion went towards mining-related costs. South African Business Partner used a significant portion of the funds he was provided to pay bribes to proxies for high ranking government officials in Chad and Niger in order to secure assets for AGC. These bribes were falsely classified on an AGC I portfolio company's books as consultant payments, law firm payments, house rentals, and charitable contributions, among other designations. "Bribe accounts" were created and maintained by employees of a subsidiary of South African Business Partner's company in Chad, whereby funds loaned by Och-Ziff supposedly to fund mining operations actually went towards bribes to ministers and governors, including "house repairs" and medical assistance for these officials. Och-Ziff failed to audit or review the expenditure of its funds by South African Business Partner to ensure compliance with Och-Ziff's internal anti-corruption policies and financial controls.

39. Millions of dollars in Och-Ziff investor funds also went to personally enrich South African Business Partner, the CEO of AML, and the South African businessman who Och-Ziff touted as an AGC partner. Och-Ziff's business partners also used funds provided by Och-Ziff to provide travel to African government officials, including officials from Zimbabwe and South Africa. Och-Ziff did not take sufficient steps to review South African Business Partner's expenditures or prevent this self-dealing by its partners.

40. The misuse of Och-Ziff investor funds continued after the formation of AGC I. In 2008, Och-Ziff agreed to pay over $10 million based on claims that an African-based aircraft pilot had purchased uranium rights in Niger and then sold those rights in part to South African Business Partner. South African Business Partner represented to Och-Ziff that he had paid the pilot for those rights, though Och-Ziff saw no proof of payments by either the pilot or South African Business Partner. Nonetheless, Och-Ziff agreed to reimburse South African Business Partner for his alleged payments. In doing so, Och-Ziff did not conduct a review of the claimed expenses, did not confirm that the funds had actually been expended by the pilot to acquire the assets or by South African Business Partner to reimburse him, and did not to investigate whether bribes were paid to acquire these assets. After approval by Och-Ziff, AGC I transmitted the funds to South African Business Partner's entity, not the pilot. South African Business Partner then used these funds to pay bribes to government officials in Chad and Niger and to enrich himself and his business partners.

41. Based on the foregoing facts, Och-Ziff violated Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act through its inaccurate recording of the payments to South African Business Partner on its books and records, and failure to devise or maintain internal accounting controls sufficient to provide reasonable assurances that its funds would not be used to pay bribes and for other improper purposes. In addition, OZ Management violated Sections 206(1) and 206(2) of the Advisers Act by failing to prevent the use of managed investor funds by its business partner in corrupt and self-dealing transactions.

Bribery in the Democratic Republic of the Congo

42. Beginning in 2008, Och-Ziff entered into a partnership an infamous Israeli businessman with close ties to government officials at the highest level within the DRC ("DRC Partner"). Although Och-Ziff did not enter into a written partnership agreement with DRC Partner, Och-Ziff Employee A, Och-Ziff Employee B, and DRC Partner all understood the nature of the partnership and its purpose. The purpose of the partnership was for Och-Ziff to fund DRC Partner's multiple mining-related interests in the DRC while he used his government contacts to acquire assets and navigate the DRC business environment for his and Och-Ziff's benefit. Och-Ziff and DRC Partner worked to acquire and consolidate assets in the DRC into an entity controlled by DRC Partner that could then be sold to a large publicly-traded mining company for a significant profit. Och-Ziff Employee A and Och-Ziff Employee B, however, understood that DRC Partner would use the funds Och-Ziff provided to him to pay bribes to government officials in order to maintain his corrupt relationships, acquire assets with the help of his government benefactors, acquire assets at a significant discount to the true value of the asset, and gain favor for his mining interests in the DRC.

A. Och-Ziff Knew the High Risk Of Bribery In Dealing with DRC Partner

43. From Och-Ziff's first contact with DRC Partner in 2006, Och-Ziff Employee A was aware of allegations that DRC Partner used corruption and bribery in his dealings in the DRC. Och-Ziff Employee A emailed a third-party in 2006 that DRC Partner "has some skeletons," and that he "has some suits outstanding regarding him bribing the drc gov." Undeterred, Och-Ziff Employee A went forward with DRC Partner as Och-Ziff's business partner in the DRC.

44. In early 2008 Och-Ziff then began discussions with DRC Partner to invest in and consolidate DRC mining assets. At that time, DRC Partner informed Och-Ziff Employee A and Och-Ziff Employee B that he paid bribes to maintain his relationships with government officials in the DRC, and that such bribes were the key to his ability to secure valuable assets. Over the course of the relationship, Och-Ziff Employee A and Och-Ziff Employee B learned additional information regarding DRC Partner's extensive relationships with government officials, secret deal terms with third-parties, ability to operate with impunity in the DRC, favorable treatment from the government, and access to deals not available to others. Neither Och-Ziff Employee A nor Och-Ziff Employee B took steps to cease the relationship. Instead, they continued to champion DRC Partner within Och-Ziff and consider new business opportunities with DRC Partner over the next four years.

45. Others within Och-Ziff, including Och and Frank, were aware of corruption accusations against DRC Partner, as well as the high corruption risk when doing business in the DRC. In fact, in his February 14, 2008 email to a due diligence firm requesting a background report on the DRC Partner, the Och-Ziff attorney making the request noted that the DRC Partner "will be very easy to find … perhaps the impetus behind the movie 'Blood Diamonds."'

46. A week later, the Och-Ziff attorney received the initial findings of the due diligence firm, which he forwarded to other senior executives at OZ, including Och-Ziff Employee A, Och-Ziff Employee B, a senior Och-Ziff attorney, outside counsel, and Frank. The report detailed DRC Partner's history of suspicious transactions, allegations of illegal conduct, and close connections at the highest levels in the DRC government, stating among other things that:

a. DRC Partner "is considered one of the most well-connected foreigners in the DRC… He is known to enjoy an extremely close relationship with [a senior DRC government official]."

b. DRC Partner was identified on several "compliance Watch Lists" as a "politically exposed individual as a result of his close ties to the DRC government."

c. DRC Partner operated through a "complex" network of company structures "spread across multiple jurisdictions" using "more elaborate structures with trusts and investment companies acting as the investor on his behalf. The opacity of his company structures has been highlighted by interested parties as an issue of concern…"

d. DRC Partner's business dealings in the DRC began in 2000 when he was awarded a diamond export monopoly valued at $600 million for which he allegedly paid only $20 million. This payment was supposedly used to pay debts incurred by the then-president of the DRC during the civil war in that nation. It was later alleged that DRC Partner secured his monopoly "in exchange for providing military training" to government forces in the DRC.

e. In a lawsuit against DRC Partner, it was alleged that he had bribed DRC government officials and Angolan military officers in exchange for receiving an exclusive diamond export license.

f. DRC Partner was "happy" and "willing to use his significant political influence with [a high-level DRC government official] and his clique to facilitate acquisitions, settle disputes and frustrate competitors." In disputes with DRC mining rivals, DRC Partner was "rumoured to have used his influence with [senior DRC government official's] closest aide, and former [DRC provincial] governor in order to settle the dispute in his favour."

g. DRC Partner's involvement in the DRC and other countries has "tarnished his reputation and has led some Western companies to question whether they should be involved with him " Based on his history and reputation "a number of London based advisors would not act for [a DRC mining company] or associated (sic) with the listing and many fund managers declined" investment deals "due to [DRC Partner's] involvement."

47. Based upon the report and other publicly available information, the Och-Ziff attorney expressed to his supervisors, including a senior Och-Ziff attorney and Frank, strong concerns about doing business with the DRC Partner and his view that the company should not do business with him. Both Och and Frank received due diligence on DRC Partner. The corruption risks identified during due diligence were so significant that Frank and a senior Och-Ziff attorney went to Och to argue that Och-Ziff should not do business with DRC Partner in any transaction. Frank's concerns included the reputational and legal risks inherent in dealing with DRC Partner, including the risk of a government investigation into Och-Ziff's dealings with DRC Partner should they come to light. In a meeting in or about February 2008, Och, Frank, and the senior attorney discussed the risk of corruption that would exist in any relationship with DRC Partner. Och was told that although it was not illegal to transact with DRC Partner, nonetheless both Frank and the senior Och-Ziff attorney expressed the view that Och-Ziff should not enter into any transaction with him because of the significant corruption risk. Och instructed Frank and others to move forward on potential transactions with DRC Partner unless new information was uncovered.

B. Suspicious Payments in Zimbabwe

48. In or about April 2008, for its first transaction with DRC Partner, Och-Ziff invested in a London stock exchange-listed mining company with operations in the DRC. DRC Partner was a significant shareholder in this entity, and he stated in an email to Och-Ziff Employee A that he wanted to have Och-Ziff as his "long-term partner," and that he had "facilitated Och-Ziff's investment at an attractive time/price knowing that you see the bigger picture in all of this. What the bigger picture looks like, is yet to be determined, but it is your partner who is holding the pen – I just need flexibility on the drawing board [t]o create full value for our partnership."

49. According to the mining company's placement announcement, the offering of new shares to which Och-Ziff subscribed was intended to fund the company's ongoing mining efforts in the DRC. The due diligence report that Och-Ziff received on DRC Partner noted that this mining company had a "troubled relationship with the DRC government," that accusations of money laundering against the company had been made by the DRC minister of mines, and that one major shareholder in the entity ("Zimbabwe Shareholder") had been expelled from the DRC. The report also noted that the company's mining license was "under review" in the DRC.

50. Och-Ziff Employee B traveled to Zimbabwe and the DRC in March 2008 and met Zimbabwe Shareholder prior to the transaction, purportedly to assess the company's assets and infrastructure. After this trip, Och-Ziff negotiated a lower share price and then doubled its investment in this company to a total of $150 million. Och-Ziff thereafter funded approximately $150 million from its managed investor funds in March 2008 to purchase shares in the mining company.

51. Within days of the investment, the mining company publicly announced that it had acquired an interest in a platinum asset in Zimbabwe. This was inconsistent with Och Ziff's understanding that money would be used for existing DRC mining operations. The Zimbabwean government had recently seized the platinum asset from another mining entity and then resold it to a holding company affiliated with the Zimbabwe Shareholder and the Zimbabwe state owned mining company. The Zimbabwe Shareholder then transferred the holding company to the DRC-based mining company in exchange for additional shares in the mining company. The same announcement also noted that the mining company had agreed to loan $100 million to the holding company following the acquisition. Och-Ziff was aware of subsequent press reports, denied by the mining company, alleging that the proceeds of that loan were diverted to a political party in Zimbabwe.

52. In June 2008, Och-Ziff Employee A forwarded to Och-Ziff Employee B a text message from the CEO of AML which said that the mining company Och-Ziff had just invested in had "paid 4 arms into zim[babwe], and rented boat from china. Journo has bank transfers, aparently [sic]." Neither informed anyone else at Och-Ziff of these accusations, took steps to determine whether these accusations were true, or limited Och-Ziff's relationship with DRC Partner or the mining company.

C. Corrupt Takeover of DRC Mining Company

53. Also in April 2008, Och-Ziff caused AGC I to enter into an approximately $124 million convertible loan with a holding company affiliated with DRC Partner. The stated uses of these funds were threefold: first, to provide DRC Partner with approximately $15 million to purchase a Congolese entity that had acquired the rights to a valuable mining asset in the DRC (the longstanding asset of a Canadian mining company) through an *ex parte* default judgment in the DRC that resulted in judicial misconduct proceedings; second, to provide DRC Partner with approximately $100 million to purchase a majority stake in that Canadian mining company in exchange for resolving its legal issues; and third, to advance an additional $9 million to be used for future mining operations in the DRC. Och-Ziff Employee A and Och-Ziff Employee B knew that the true purpose of the transaction, however, was to provide DRC Partner with funds to pay bribes to facilitate the takeover of the Canadian mining company for the benefit of Och-Ziff and DRC Partner.

54. Och-Ziff Employee A structured the transaction as a convertible loan. The company had received legal advice from outside counsel indicating that less due diligence on the use of proceeds and counterparties was required in a standard commercial convertible loan versus an equity investment. However, in March 2008 outside counsel also advised Och-Ziff that any transaction with DRC Partner would be "high risk," but:

> "[P]rovided [DRC Partner] has no discretion with regard to how to spend the proceeds of the loan, we see no AML or anti-corruption issue. If he has any discretion, our answer will be different and we need to discuss further."

55. Och-Ziff was also advised to consider a "right of audit" post-transaction, depending on DRC Partner's "foreseeable role" should Och-Ziff convert its loan into equity. Och-Ziff then proceeded with the convertible loan. Och-Ziff obtained representations and warranties regarding anti-corruption from the holding company receiving the loan but not from DRC Partner, and did not undertake additional due diligence into DRC Partner or his assets in the DRC.

56. The transaction gave Och-Ziff control over what assets could be bought or sold by the entity, equity conversion rights into DRC Partner's entity, a pledged interest in the shares of the Congolese entity, and a right to future deals with DRC Partner in the DRC. Moreover, the transaction gave DRC Partner complete discretion over how to use approximately $24 million of the funds provided by Och-Ziff. Further, Och-Ziff understood this transaction was part of a broader, ongoing partnership with DRC Partner. Finally, both Och-Ziff Employee A and Och-Ziff Employee B knew that DRC Partner was going to use a portion of the funds to pay bribes, and knew that the transaction was structured to accomplish that goal. This knowledge was not shared with others within Och-Ziff or with outside counsel.

57. DRC Partner used the first tranche of approximately $15 million provided by Och-Ziff to bribe Congolese government officials. Och-Ziff provided these funds to DRC Partner purportedly to purchase the Congolese entity while the legal action involving the Congolese entity was still in progress in the DRC courts. Och-Ziff, through an AGC I subsidiary created specifically for this transaction, sent the funds to a client account at DRC Partner's law firm in Gibraltar. From there, Och-Ziff had no ability to control or limit DRC Partner's use of those funds or even to trace where the funds went. DRC Partner then bribed multiple DRC government officials, including judges, to secure the legal judgment that gave him the leverage to buy a controlling interest in the Canadian mining company.

58. The Canadian mining company voted to approve a private placement to effectuate the takeover by DRC Partner and Och-Ziff in June 2008. Och-Ziff was involved in the takeover proceedings in Canada as the financial backer of DRC Partner. Once approved, Och-Ziff sent an additional approximately $100 million through which DRC Partner acquired a majority stake in the listed shares in the Canadian mining company.

59. The third tranche of the transaction involved loaning an additional $9 million to DRC Partner. Contrary to the original structure of the deal which required DRC Partner to use the funds on mining expenses, in October 2008 Och-Ziff instead agreed to provide these funds to DRC Partner to compensate him for previously incurred DRC expenses, thus giving him discretion over how he spent the funds provided. As a result, Och-Ziff failed to conduct proper due diligence or limit DRC Partner's discretion in his use of the funds. Och-Ziff again transferred the money to DRC Partner's law firm account in Gibraltar. DRC Partner, in turn, used the money to fund his ongoing bribe payments in the DRC.

60. After providing the $9 million to DRC Partner, beginning in November 2008 Och-Ziff conducted a review of his past expenses to determine whether DRC Partner had actually spent funds on DRC mining operations. During this review, Och-Ziff Employee B and other AGC employees learned that records kept by DRC Partner disclosed payments for travel expenses questionable expenses, and "gratuities" for the benefit of DRC government officials. This prompted one AGC employee to note in a draft report: "Satisfactory answers could not be extracted during my discussions … for some of these expenses and it leads one to believe that these are actually the costs of maintaining 'political alignment' and for 'protocol' with the authorities in the DRC — in other words with senior Government officials. **This issue needs to be investigated at the highest level directly with [DRC Partner]. This issue should be flagged as a concern considering AGC's compliance requirements."** (emphasis in original) Rather than investigate or report these potential bribe payments, Och-Ziff Employee B caused others to edit the report to remove the reference to corruption and call for investigation.

61. Based on the foregoing facts, Och-Ziff violated Sections 30A and 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act through its intentional payment of bribes to DRC government officials through its 2008 convertible loan transaction with DRC Partner, inaccurate recording of the bribe payments on its books and records, and failure to implement or maintain appropriate internal accounting controls to prevent the use of its funds to pay bribes. Further, by his acts or omissions Och caused violations of Section 13(b)(2)(A) of the Exchange Act by Och-Ziff, and by his acts or omissions Frank caused violations of Sections 13(b)(2)(A) and 13(b)(2)(B) by Och-Ziff. In addition, OZ Management violated Section Sections 206(1) and 206(2) of the Advisers Act by failing to prevent the use of managed investor funds in corrupt transactions by DRC Partner in the 2008 convertible loan transaction.

D. Bribes To Consolidate and Sell DRC Assets

62. Och-Ziff's relationship with DRC Partner continued throughout 2009 and 2010. During that time, Och-Ziff learned of additional transactions in which DRC Partner acquired mining assets in the DRC under suspicious circumstances. Och-Ziff considered and ultimately did not invest capital in these other transactions, but did not sever its relationship with DRC Partner. During this time, DRC Partner acquired additional assets yet failed to repay the initial loan, which Och-Ziff extended without negative repercussions on the relationship. Further, Och-Ziff Employee A and Och-Ziff Employee B continued to work on new transactions and funding ideas with DRC Partner.

63. During the course of the relationship, Och-Ziff was aware of DRC Partner's ability to influence DRC government officials. Och-Ziff Employee B used DRC Partner to set up meetings for Och-Ziff and its partners with multiple DRC senior government officials, including a high level executive with the state owned mining company. Och-Ziff Employee B, Och-Ziff Employee A, and others frequently discussed DRC Partner's high-level connections in the DRC, including his "key guy," a top advisor to a senior DRC government official, and secret agreements with other government officials.

64. In November 2010, DRC Partner asked Och-Ziff Employee A to provide him with a margin loan as part of his efforts to consolidate his DRC operations. The purpose of the loan was not made clear to others within Och-Ziff, nor was the intended use of all proceeds specified by DRC Partner. DRC Partner's representatives noted that the funds were needed to make intercompany loans and "fund existing activities" and "acquisitions of other interests" by DRC Partner. Och-Ziff did not conduct due diligence on the corruption risk or the intended use of proceeds, but did conduct diligence on the publicly-traded stock that secured the loan. Och-Ziff made this loan from Och-Ziff funds rather than through AGC II. The principal loan amount was increased in February 2011. All told, Och-Ziff loaned $130 million to DRC Partner in 2010-2011.

65. Och-Ziff did not follow its internal controls or conduct sufficient due diligence on the intended use of proceeds by DRC Partner. A portion of the loan went to pay down an outstanding third-party debt for DRC Partner. Och-Ziff provided the remainder of the loan, more than $84 million, to DRC Partner with no insight into DRC Partner's use of proceeds, although Och-Ziff knew that he would use the money to fund additional acquisitions and ongoing activities among his network of offshore entities. Och-Ziff again transferred money from its investor funds to DRC Partner's law firm client account in Gibraltar, after which Och-Ziff had no insight or control over how DRC Partner used the funds. DRC Partner used a portion of the funds provided by Och-Ziff to pay bribes in the DRC.

66. Och-Ziff Employee A and Och-Ziff Employee B knew that DRC Partner would use the money provided by Och-Ziff to pay bribes. These bribes were part of his efforts to acquire additional assets and consolidate his DRC holdings in order to sell those holdings to a third-party mining company. Och-Ziff Employee A and Och-Ziff Employee B expected this consolidation to benefit Och-Ziff by receiving repayment and interest on its loans, which was accomplished in 2012. Och-Ziff Employee A, Och-Ziff Employee B, and the CEO of AGC were all involved in DRC Partner's efforts to sell his DRC holdings and acquire additional assets. Och-Ziff continued to seek new deals from DRC Partner during this time, including deals relating to Company A and AGC I.

67. In December 2012, the outstanding loans relating to DRC Partner were repaid to Och-Ziff in full, with interest, as part of a transaction in which DRC Partner sold his DRC mining entities to a third-party mining company.

68. Based on the foregoing facts, Och-Ziff violated Sections 30A and 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act through its intentional payment of bribes to DRC government officials through its 2010 and 2011 transaction with DRC Partner, inaccurate recording of the bribe payments on its books and records, and failure to devise or maintain internal controls sufficient to provide reasonable assurances that its funds would not be used to pay bribes. Further, by his acts or omissions Och caused violations of Section 13(b)(2)(A) of the Exchange Act by Och-Ziff, and by his acts or omissions Frank caused violations of Sections 13(b)(2)(A) and 13(b)(2)(B) by Och-Ziff. OZ Management further violated Sections 206(1) and 206(2) of the Advisers Act by failing to prevent the misuse of managed investor funds in corrupt transactions by its business partner in the 2010 and 2011 transaction.

Misrepresentations, Self-dealing, and Misuse of Investor Funds in AGC II

69. The second part of Och-Ziff's Africa strategy, AGC II, was formed in 2008. While AGC I was a closed fund to which only Och-Ziff managed investor funds contributed capital, for AGC II Och-Ziff sought capital from multiple outside investors, and successfully marketed the fund to one existing OZ Management limited partner, a private entity ("the Investor"). In addition, a separate fund made up of investments by individual Och-Ziff partners ("OZ Partners Fund") agreed to fund AGC II in an amount equal to the Investor.

A. Material Omissions From Company A Transaction

70. In July 2009, Och-Ziff learned that in government-to-government discussions between high-level government officials from South Africa and Congo-Brazzaville that Company A, an AGC oil exploration portfolio company, had been given the opportunity to buy a 25% stake in an oil field off the coast of Congo-Brazzaville. According to Company A's CEO, this was "an excellent opportunity afforded to us from the close relationship between [the ruling political party in South Africa] and [senior Congo-Brazzaville government official] and our prior efforts in Congo B."

71. Och-Ziff was told that Company A had purportedly been designated by a high-ranking South African government official to participate in this transaction for reasons not fully described to Och-Ziff. Och-Ziff later learned that a third-party South African entity was to be given a 25% interest in Company A's stake in the oil asset. This interest was to be a "free carry" for the South African-designated entity, meaning Company A would fund the entire purchase of the oil asset from the current owner (an Italian oil company) and also fund all ongoing costs associated with the oil asset while the South African-designated entity received a percentage of the equity at no cost. Company A initially described this partner in various communications as either "Partner X" or "the government." After "Partner X" was named, Och-Ziff conducted due diligence and learned of allegations relating to its South African owners for corruption, arms dealing, and ties to the ruling South African political party. One of the owners of "Partner X" was described in a background report as an "associate and benefactor" of a high-ranking South African government official. Apart from receiving the free equity interest, the South African entity was to have no overt role in the transaction or in the ongoing oil asset. When the South African entity refused to provide sufficient explanation as to its role in the transaction, Och-Ziff declined to participate in the transaction in January 2010.

72. In February 2010, Och-Ziff Employee A and others at AGC made a new push to get the transaction approved. This time, the CEO of Company A claimed that South African Business Partner, who himself had close ties to South African politicians, was given the opportunity to invest in the oil asset by the government of Congo-Brazzaville to compensate him after his prior interests in Congo-Brazzaville (which had been funded by Och-Ziff via its 2007 loan) were awarded to another entity. South African Business Partner then purportedly designated Company A (in which he and AGC I held interests) as his proxy for this opportunity. Under the new terms, South African Business Partner would also receive $13 million from Company A (funded by AGC II) as compensation for his prior losses. Another individual with close ties to a high-ranking government official in Congo-Brazzaville ("CB Intermediary") would now participate in the transaction as an additional introducer. CB Intermediary was to be compensated for his role in arranging the transaction between South African Business Partner and the high-ranking government official in Congo-Brazzaville. For his efforts, CB Intermediary would receive a $5 million payment as well as 25% of Company A's stake in the project at no cost.

73. Och-Ziff recognized that the change of circumstances surrounding the resurrected deal constituted a significant corruption risk, but nonetheless began work to complete the deal. As part of due diligence, the CEO of Company A, South African Business Partner and CB Intermediary all submitted affidavits in which each confirmed the second origin story and the involvement of CB Intermediary. Och-Ziff Employee A championed the deal within Och-Ziff. Others at Och-Ziff, including Frank and members of the legal and compliance team, continued to have reservations with the transaction and the truthfulness of the parties. This led to a conference call where one Och-Ziff attorney called from his vacation in Italy in an effort to stop the deal from going forward. However, at Och-Ziff Employee A's urging, Och-Ziff agreed to the investment.

74. Because the transaction involved payments to a related party for AGC II, South African Business Partner, Och-Ziff needed to obtain the consent of the Investor in order to proceed. Och-Ziff described the second origin story for the transaction and outlined the stated reasons for payments to South African Business Partner and CB Intermediary. The disclosure stated that lawyers had reviewed the relevant facts and documents and had provided an opinion as to the compliance of the deal with applicable laws and regulations. Yet Och-Ziff did not inform the Investor of all of the material circumstances surrounding the transaction or how the transaction came to Company A. Och-Ziff failed to disclose any facts regarding the initial sourcing of the transaction or the initial presence of a different proposed partner in the deal. Och-Ziff also failed to inform the Investor that, under the original transaction terms, there were no payments to any intermediaries, including South African Business Partner. Further, Och-Ziff failed to inform the Investor that neither South African Business Partner nor CB Intermediary had a role in sourcing the transaction when it was initially presented. The omitted information was material to the corruption risk and the validity of paying $18 million to two intermediaries in the transaction. Och-Ziff also informed the Investor that steps would be taken by Company A to ensure that the funds were used appropriately, including paying the intermediaries into segregated accounts, and restricting and monitoring future transfers by both intermediaries in order to prevent corruption. However, Och-Ziff did not ensure such controls were instituted or followed by Company A, and subsequent inquiries by Och-Ziff were insufficient to ensure such steps were in fact followed. The Investor consented to the transaction based on this limited, misleading information.

75. Company A, using funds provided by Och-Ziff through AGC II, did not pay South African Business Partner via a segregated account. AGC II funds provided to Company A were in turn transferred to a non-segregated account controlled by South African Business Partner. Within weeks, South African Business Partner transferred a significant portion of the $13 million he received from Company A to CB Intermediary's account in Lebanon.

76. Based on the foregoing, OZ Management violated Section 206(4) and Rule 206(4)¬8 of the Advisers Act by omitting material information regarding the above transaction from its disclosures to the Investor.

B. Transaction to Fund Corrupt Business Efforts in Guinea

77. In April 2011, Och-Ziff, via AGC II, purchased shares in another London-based oil and gas company in which AGC I, South African Business Partner, the South African conglomerate, and other Och-Ziff funds already held significant shares. Och-Ziff Employee A and Och-Ziff Employee B structured the transaction to provide South African Business Partner with $52 million in cash to use for undisclosed purposes, including self-dealing to benefit Och-Ziff. Transaction documents created by Och-Ziff Employee B were intentionally misleading so that the transaction would be approved by Och-Ziff and the Investor.

78. In 2010, Och-Ziff Employee B became aware that South African Business Partner had high-level contacts with a senior government official in the Guinea and his family, and that such contacts provided access to potential mining deals in that country. Communications involving Och-Ziff Employee B and others at AGC with a consultant in July 2010 noted that "the [senior Guinean government official] has instructed [mining company] to deal only with me as a first proposal, exclusivity… iF YOU ARE INTERESTED AND ABLE TO FULLFILL [sic] their request i can organize ASAP a meeting for you with the representative and the [senior Guinean government official's] son in Paris this week…" Another email in August 2010 with the consultant stated that he had "access to Guinee Mining and Ennergy [sic] classified information" through his contact with the this Guinean government official and his family. The consultant, who worked directly with South African Business Partner, also let AGC and Och-Ziff Employee B know that he was traveling to the United States with this senior Guinean government official to demonstrate his influence.

79. Beginning in February 2011, South African Business Partner sought assistance from Och-Ziff, and in particular Och-Ziff Employee B, to create a means for South African Business Partner and potentially AGC II to benefit financially from future Guinean government actions.

80. Och-Ziff Employee A and Och-Ziff Employee B, along with the CEO of AML and South African Business Partner, conceived of a related-party transaction that would accomplish these goals. They decided to sell shares in the oil and gas company from the South African conglomerate to AGC II so that South African Business Partner could use the capital from the transaction to fund their efforts in Guinea. The initial effort stalled, however, because South African legal restrictions on the sale of shares precluded the involvement of South African Business Partner. As Och-Ziff Employee B told Och-Ziff Employee A, there was "no point for them" if South African Business Partner's company didn't end up with cash from the transaction to invest in Guinea. Ultimately a new scheme was devised that would leave South African Business Partner with $52 million from AGC II's purchase of shares in this mining company. According to the deal documents, South African Business Partner was to buy 31.5 million shares in the oil and gas company from the South African conglomerate for $77 million and then immediately resell 18.5 million of those shares to AGC II for $77 million. Based on the false information provided by Och Ziff Employee A and Och-Ziff Employee B, this transaction was then approved by Och-Ziff and the Investor.

81. Contrary to the deal documents and the understanding of the Investor, Och-Ziff Employee A and Och-Ziff Employee B knew that South African Business Partner would not pay the full $77 million to the South African conglomerate. South African Business Partner bought 31.5 million shares in this mining company for only $25 million, and then immediately resold 18.5 million shares in that same company to AGC II for $77 million, providing South African Business Partner with $52 million and an additional 13 million shares in the company. With the $52 million, South African Business Partner then paid $2.1 million to Och-Ziff to satisfy an outstanding debt relating to AGC I (in which the Investor had no interest), $25 million to the government of Guinea to try to secure access to valuable mining investments there, $1 million to the agent affiliated with the a high level Guinean government official and his family, and the remainder to personally benefit himself and his business partners.

82. Och-Ziff Employee A and Och-Ziff Employee B knew the true terms of the transaction and the use of funds by South African Business Partner. Prior to the share purchase, the CEO of AML wrote to Och-Ziff Employee B: "How can we get agc to put 50m into guinea?" Och-Ziff Employee B then began working on the share purchase by AGC II, understanding the need to create $50 million in "profit" to help South African Business Partner "invest" in Guinea. Och-Ziff Employee B understood the need to generate surplus revenue from the transaction, and wrote: "I don't know what you guys are thinking re [company share] price being close. There has to be at least GBP 1/share difference to leave [South African Business Partner] with $50m for Guinea." Och-Ziff Employee A and Och-Ziff Employee B also knew that undisclosed terms existed from the originating transaction. South African Business Partner described the undisclosed terms of the deal to Och-Ziff Employee B who shared them with Och-Ziff Employee A. The undisclosed terms included additional "cash local out of [South African] registered co," and undisclosed cash to repay "bank debt" to the AGC CEO's company, the South African conglomerate, in addition to money to purchase the shares. Further, Och-Ziff Employee B and Och-Ziff Employee A structured the transaction to allow South African Business Partner to "keep $3m for AGC I" in order to allow South African Business Partner to repay a debt to Och-Ziff. When told of Och-Ziff Employee B's idea, Och-Ziff Employee A said "U (sic) tell them that" and Och-Ziff Employee B responded "I will." Och-Ziff Employee B then confirmed with South African Business Partner that the deal was arranged, to which he replied: "Yip. Pay the 77m, and we pay 2m withim [sic] 24hr. It a technicality."

83. Och-Ziff Employee A and Och-Ziff Employee B knew that the description of the transaction that was given to the Investor was materially misleading. The Investor was not told that South African Business Partner would be provided with $52 million from the transaction. The Investor likewise was not informed of the undisclosed terms of the transaction, or the link between the transaction and South African Business Partner's payment of $25 million to the government of Guinea. The Investor was not informed of the related-party nature of the transaction, the changing terms of the transaction, or lack of arms-length negotiations for AGC II and its business partners. The Investor was further not told that the initial transaction in which South African Business Partner would buy the shares to sell to AGC had not yet occurred, but would in fact be funded by AGC II. Instead, Och-Ziff Employee A and Och-Ziff Employee B explained the price differential in the initial transaction between South African Business Partner and the South African conglomerate to the Investor falsely by claiming that the initial sale was initiated in 2009 and had been "recently completed." The Investor likewise was not told of the self-dealing aspect of the transaction, which Och-Ziff Employee A and Och-Ziff Employee B designed to benefit Och-Ziff.

84. Och-Ziff failed to conduct appropriate due diligence or impose adequate restrictions to prevent the secret aspects of the transaction from occurring, including the payment of $1 million to South African Business Partner's Agent, and its employees Och-Ziff Employee A and Och-Ziff Employee B provided the Investor with false and misleading information.

85. Based on the foregoing, Och-Ziff violated Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act through the inaccurate recording of the payment to South African Business Partner on its books and records, and failure to devise or maintain internal accounting controls sufficient to provide reasonable assurances to prevent the improper use of its funds. In addition, OZ Management violated Sections 206(1), 206(2), 206(4) and Rule 206(4)-8 of the Advisers Act by engaging in self-dealing and the improper use of managed investor funds, and by omitting material information regarding the above transaction from its disclosures to the Investor.

C. Self-Dealing by Och-Ziff Employee A and South African Business Partner

86. Och-Ziff Employee A made an $18 million personal loan to Libyan Agent in 2008 in order to fund the Libyan Agent's construction of a "super yacht." Och-Ziff Employee A did not disclose the loan to others at Och-Ziff, and took security interests over several assets held by Libyan Agent to secure the loan. By 2010, Libyan Agent was unable to repay the loan. In order to get Libyan Agent funds to repay him, Och-Ziff Employee A arranged for AGC II to purchase shares in a London-based mining holding company from Libyan Agent. South African Business Partner was also a shareholder in this entity, as was another individual with whom Och-Ziff Employee A also had an outstanding £1 million loan arrangement.

87. In December 2010, Och-Ziff Employee A caused AGC II to purchase approximately $20 million in shares in this London-based holding company, which owned two mining assets in Africa. Och-Ziff falsely disclosed the sellers in the transaction as Libyan Agent and the other individual (who repaid his £1 million loan to Och-Ziff Employee A in the days before the transaction was finalized). Och-Ziff Employee A and Och-Ziff Employee B knew that South African Business Partner was an undisclosed seller of shares through Libyan Agent but kept this information from Investor and others at Och-Ziff.

88. Och-Ziff Employee A knew that the funds paid by AGC II to Libyan Agent would be used to satisfy his outstanding loan, and Och-Ziff Employee A arranged the transaction to effectuate that purpose. Och-Ziff Employee A had to approve the sale of shares in the London-based holding company by Libyan Agent because he held security over those shares through his personal loan; he did so in November 2010 to effectuate the AGC II purchase. Communications between Libyan Agent and Och-Ziff Employee A also confirmed that Och-Ziff Employee A would receive a $4 million partial repayment on his outstanding loan soon after the AGC II purchase was completed. Och-Ziff Employee A then received confirmation that the $4 million had been transferred to his personal account one day after AGC II funds were transferred to Libyan Agent. He did not disclose this information to others at Och-Ziff.

89. Och-Ziff Employee A also took steps to hide the sale of South African Business Partner's shares in the entity because he understood that the Investor could reject the deal due to the conflict of interest. Two weeks before the transaction closed, Och-Ziff Employee B informed Och-Ziff Employee A that "[South African Business Partner] won't back away from [transaction], wants deal as agreed." Och-Ziff Employee A and Och-Ziff Employee B then worked to ensure that South African Business Partner was able to sell his shares in secret using Libyan Agent as his proxy. An associate for South African Business Partner texted Och-Ziff Employee B regarding the secret terms of the deal ("Each party must shed 20perc for us to come in. Does not reflect in current [legal] agreement. This include [other parties]. Was agreed. Cheers."), and Och-Ziff Employee B was aware of the agreement between Libyan Agent and South African Business Partner ("Our agreement on our side with party x is ready," "must I do anything on my side re [disclosed sellers] to get … agreements signed and finalized. Sorry for push but… I want our thing with [Libyan Agent] done before everyone here leaves. Thx. Let me know.").

90. The Investor was not told of the self-dealing and personal interests of Och-Ziff Employee A and South African Business Partner in the transaction and, as a result, gave its approval without the benefit of that material information. Och-Ziff Employee B assisted Och-Ziff Employee A in finalizing the transaction, and was also aware of the self-dealing involving South African Business Partner. Neither Och-Ziff Employee A nor Och-Ziff employee B disclosed this material information to the Investor or to others at Och-Ziff.

91. AGC II transferred more than $9 million to Libyan Agent's account in late 2010 in consideration for the shares. Libyan Agent then transferred $4 million to Och-Ziff Employee A's personal account in partial repayment of the loan, and another $4 million to accounts for the benefit of South African Business Partner.

92. In 2012, Och-Ziff Employee A and Libyan Agent created a false document regarding this transaction in order to hinder the investigation into Och-Ziff Employee A's self-dealing. That letter was backdated to October 2010, prior to this transaction, and purportedly came from Libyan Agent. The letter stated in part: "I would like to confirm that should a transaction be executed between us, none of the sales proceeds will be applied towards any repayment of the outstanding loan that you provided to us." The letter was a lie, and the funds paid to Och-Ziff Employee A in December 2010 came directly from the proceeds of the AGC II purchase of shares from Libyan Agent.

93. Based on the foregoing, OZ Management violated Sections 206(1) and 206(2) based on the self-dealing of Och-Ziff Employee A which was not disclosed to the Investor.

Och-Ziff Did Not Follow Its Recommended Anti-Corruption Policies

94. In 2007, with the assistance of outside counsel, Och-Ziff began work on an anti-corruption policy and procedures which was finalized in April 2008. This policy and procedures, which applied to OZ, OZM, OZ Europe, AML, AGC, and all of OZ's affiliates, required rigorous due diligence and anti-corruption measures designed to provide reasonable assurances that transactions: (i) were executed in accordance with management's general or specific authorization; and (ii) were recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets.

95. For high risk transactions like those described above, Och-Ziff's policy recommended due diligence steps including:

a. Obtaining copies of the most recent financial statements for its business partners;

b. Identifying all shareholders owning or controlling each business partner, and the nature of that control;

c. Requesting references from financial institutions that have existing business relationships with business partners and clients;

d. Making all payments in the country in which an agent resides;

e. Accessing business partner books and records and utilizing a right-to-audit on a periodic basis;

f. Re-checking and confirming due diligence for business partners on an ongoing basis;

g. Reviewing of all monies paid out by business partners as part of ongoing due diligence;

h. Conducting heightened due diligence in business transactions involving government officials or state-owned businesses, where the business partner's only contribution is influence, or where the partner refuses to put agreements or proof of expenditures in writing; and

i. Obtaining annual certifications by the chief financial officer and chief legal officer that all foreign business partners have complied with the firm's anti-corruption policies and procedures.

96. Och-Ziff failed to follow its own recommended due diligence steps in connection with the transactions set forth above.

97. Despite the presence of corruption risks in the above transactions, Och-Ziff did not impose sufficient procedures or measures to prevent corruption or provide reasonable assurance that the transaction documents accurately reflected the third party's use of funds. Och-Ziff did not conduct sufficiently heightened due diligence in transactions involving state-owned entities, and failed to limit the interactions of its business partners with government officials. Och-Ziff knew of the close connections between its business partners, counterparties, agents and government officials. In fact, it chose them in part for their ability to influence to high-ranking government officials. Rather than limit such connections, Och-Ziff's insufficient controls allowed its business partners and agents to exploit those relationships through bribery to benefit Och-Ziff. Och-Ziff Employee A knew that Och-Ziff's business partners in Africa bought assets and made payments without oversight or control from Och-Ziff, and allowed such practices to continue despite the high risk of corruption.

98. Och-Ziff failed to conduct sufficient due diligence on asset purchases by its business partners. When due diligence on agents and business partners disclosed significant red flags, the company proceeded with the relationship without imposing sufficient limitations on the way the agents and business partners conducted business or used funds provided by Och-Ziff. Och-Ziff allowed its agents to use shell companies located in other jurisdictions to receive payment, failed to place restrictions on the agents themselves rather than their shell companies, transmitted payments through third-parties after which Och-Ziff had no oversight on the funds, and failed to monitor or audit how its agents used the Och-Ziff investor funds they were provided.

99. Och-Ziff entered into agreements with consultants and agents without conducting sufficient due diligence on the recipient of the funds or the role played by those agents and consultants. In some cases, Och-Ziff knew that AGC or its business partners in AGC were using consultants paid with Och-Ziff funds, yet took no steps to either conduct due diligence on those consultants or ascertain the basis for payments to those consultants. This led to bribes to government officials in Libya, Chad, and Niger.

100. Och-Ziff failed to implement sufficient safeguards to prevent corruption in ongoing joint ventures and investments. Och-Ziff was aware of significant corruption risks in its AGC joint venture, including a high risk of corruption with its partners in AGC. Och-Ziff failed to adequately address those risks and continued to give investor funds to AGC without appropriate oversight. Och-Ziff also continued to rely on its business partners in AGC despite knowledge of alleged criminal activity by those partners in other transactions. At no time did Och-Ziff audit the bank records, expenditures, or financial statements of its business partners or of AGC to ensure compliance with Och-Ziff's internal controls and anti-corruption policies.

101. Och-Ziff failed to use its leverage to terminate transactions, foreclose on collateral, or bring legal action against its business partners. At no time did Och-Ziff exert its legal rights against its business partners. Instead, Och-Ziff allowed these corrupt relationships to continue in an effort to secure a return on investment rather than sever ties with illegal activity.

Och-Ziff Violated the Books and Records and Internal Controls Provisions of the FCPA

102. Och-Ziff was required to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer. Och-Ziff's policies and procedures required it to accurately document the purpose and authorization for expenditures of assets by the underlying managed funds. Och-Ziff inaccurately recorded the authorizations for the funds disbursed for these improper transactions as investments, loans, "deal fees," "subscription amounts," payments to business partners, payments to agents, or "professional services fees," including portions of the funds that were used to pay bribes and other improper payments. The manner in which these authorizations were recorded on Och-Ziff's books and records did not accurately describe the disposition of these assets.

103. Och-Ziff likewise failed to establish or maintain a system of internal accounting controls sufficient to ensure that certain of these transactions were properly recorded. Och-Ziff failed to devise or maintain a system of internal accounting controls sufficient to provide reasonable assurances that certain of these transactions were properly recorded. Och-Ziff failed to implement and maintain sufficient internal accounting controls to provide reasonable assurances that investor funds were not used to pay bribes, or to prevent self-dealing and misuse of investor funds by its business partners. Och-Ziff also failed to take corrective measures, obtain verification of payments, or seek to exercise contractually available audit or cancellation rights with its business partners, despite knowledge of improper payments and the high risk of corruption. Och-Ziff's internal accounting controls failed to stop ongoing payments and transactions even after improprieties and potential corruption were discovered by Och-Ziff.

Failures by Och and Frank

104. Och had final authority to approve all private investments by Och-Ziff, including all transactions described above. Och was aware of the risk of corruption in the transactions with DRC Partner, and contrary to the recommendation of his legal and compliance team, he approved the use of Och-Ziff investor funds in those transactions. As a consequence, Och caused Och-Ziff's violations of the books and records provision of the Foreign Corrupt Practices Act ("FCPA").

105. Frank had ultimate responsibility for maintaining Och-Ziff's and OZ Management's books and records and for authorizing all uses of Och-Ziff funds. Under Och-Ziff's structure at the time, the head of legal and compliance reported to Frank as chief financial officer. Frank was responsible for ensuring that all transactions were recorded accurately and in accordance with generally acceptable accounting procedures and was likewise responsible for devising and maintaining Och-Ziff's internal accounting controls. Frank was also ultimately responsible for devising and maintaining Och-Ziff's internal accounting controls sufficient to provide reasonable assurances that transactions: (i) were executed in accordance with management's general or specific authorization; and (ii) were recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets.

106. Each transaction described above required Frank's authorization of the relevant disbursements. In the two DRC transactions and the LIA fee payment involving bribery, failures of Och-Ziff's internal controls, and books and records violations, Frank failed to ensure that required information regarding transactions was documented accurately, that appropriate business partner information and due diligence was obtained, that transactions were structured properly to avoid corruption, and that ongoing due diligence and audits were performed to prevent or detect improper use of Och-Ziff investor funds. Frank approved Och-Ziff's payments in the transactions with DRC Partner in which he believed there was a high risk of corruption. Despite his concerns, Frank deferred to Och as the final decision maker and executed payment on the 2008 convertible loan and 2010-2011 margin loan with DRC Partner per Och's approval. As a consequence, Frank caused violations of the internal controls and books and records provisions of the FCPA by Och-Ziff in the three transactions noted above.

Deferred Prosecution Agreement

107. Och-Ziff has entered into a deferred prosecution agreement with the United States Department of Justice that acknowledges responsibility for criminal conduct relating to certain of the findings in the Order. Specifically, Och-Ziff acknowledges responsibility for two counts of conspiracy to commit offenses against the United States in violation of Title 18, United States Code, Section 371, that is, for (i) violating the anti-bribery provisions of the Foreign Corrupt Practices Act of 1977 ("FCPA"), 15 U.S.C. § 78dd-1, (ii) violating the FCPA's books and records provisions, 15 U.S.C. § 78m(b)(2)(A), (b)(4), (b)(5), and 78ff(a), and (iii) violating the FCPA's internal controls provisions, 15U.S.C. § 78m(b)(2)(B), (b)(4), (b)(5) and 78ff(a).

108. OZ Africa Management GP, LLC ("OZ Africa Management"), a subsidiary of Och-Ziff, has entered into a plea agreement with the United States Department of Justice relating to certain findings in the Order. Specifically, OZ Africa Management has agreed to plead guilty to one count of conspiracy to commit offenses against the United States in violation of Title 18, United States Code, Section 371, that is for violating the anti-bribery provisions of the FCPA, 15 U.S.C. § 78dd-1.

109. Respondent Och-Ziff acknowledges that the Commission is foregoing a one-time $173,186,178 civil penalty for these charges based upon the imposition of a $213,055,689 criminal penalty as part of Och-Ziff's settlement with the United States Department of Justice.

Legal Standard and Violations

110. Section 30A of the Exchange Act prohibits any issuer with a class of securities registered pursuant to Section 12 of the Exchange Act, or any officer, director, employee, or agent acting on behalf of such issuer, in order to obtain or retain business, from corruptly giving or authorizing the giving of, anything of value to any foreign official for the purposes of influencing the official or inducing the official to act in violation of his or her lawful duties, or to secure any improper advantage, or to induce a foreign official to use his influence with a foreign governmental instrumentality to influence any act or decision of such government or instrumentality. 15 U.S.C. § 78dd-1.

111. Under Section 13(b)(2)(A) of the Exchange Act, issuers with a class of securities registered pursuant to Section 12 of the Exchange Act are required to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the issuer. 15 U.S.C. § 78m(b)(2)(A).

112. Under Section 13(b)(2)(B) of the Exchange Act, issuers with a class of securities registered pursuant to Section 12 of the Exchange Act are required to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. 15 U.S.C. § 78m(b)(2)(B).

113. Section 206 of the Advisers Act makes it unlawful for any investment advisers, directly or indirectly, to (1) "employ any device, scheme, or artifice to defraud any client or prospective client" or (2) "engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client."

114. Section 206(4) of the Advisers Act prohibits an investment adviser from, directly or indirectly, engaging in any act, practice or course of business which is fraudulent, deceptive, or manipulative. Rule 206(4)-8(a)(1) thereunder prohibits an investment adviser to a pooled investment vehicle from making an untrue statement of material fact or omitting to state a material fact necessary to make the statements made not misleading to investors or prospective investors in those pools. Rule 206(4)-8(a)(2) thereunder provides that it is a fraudulent practice for an investment adviser to a pooled investment vehicle to engage in "fraudulent, deceptive, or manipulative" conduct with respect to any investor or prospective investor in the pooled investment vehicle.

115. As a result of the conduct described above, Och-Ziff willfully violated Sections 30A, 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act by participating in bribe schemes to win or retain business for Och-Ziff, by falsely recording those bribe payments on its books and records, and by failing to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that its transactions comported with Generally Accepted Accounting Principles.[2]

116. As a result of the conduct described above, OZ Management willfully violated Sections 206(1) and 206(2) of the Advisers Act by using managed investor funds in the payment of bribes and self-dealing in transactions involving AGC I and AGC II. OZ Management violated Section 206(4) and Rule 206(4)-8 of the Advisers Act for by making material misrepresentations regarding certain AGC II transactions to the Investor.

117. As a result of the conduct described above, Frank was a cause of violations of Section 13(b)(2)(A) of the Exchange Act by Och-Ziff, which requires an issuer to make and keep books and records that accurately and fairly reflect the dispositions of its assets, and violations of Section 13(b)(2)(B) of the Exchange Act by Och-Ziff, which requires an issuer to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that its transactions comported with Generally Accepted Accounting Principles.

118. As a result of the conduct described above in the two transactions with DRC Partner, Och was a cause of violations of Section 13(b)(2)(A) of the Exchange Act by Och-Ziff, which requires an issuer to make and keep books and records that accurately and fairly reflect the dispositions of its assets.

2 A willful violation of the securities laws means merely "'that the person charged with the duty knows what he is doing.'" Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "'also be aware that he is violating one of the Rules or Acts.'" Id. (quoting Gearhart & Otis, Inc. v. SEC, 348 F.2d 798, 803 (D.C. Cir. 1965)).

IV.

UNDERTAKINGS

Respondents Och-Ziff and OZ Management undertake to:

A. *Implementation of Enhanced Internal Accounting Controls and Policies*: Within thirty (30) days of entry of this Order, Och-Ziff and OZ Management agree to the following:

i. Implement enhanced internal controls over foreign private equity investments, including enhanced transactional and partner due diligence, increased monitoring over use of Och-Ziff funds in transactions involving corruption risk through audit rights of its business and transactions partners and other available means, individual representations and warranties for principals in foreign private equity transactions; limited use of offshore holding companies as recipients for funds in foreign private equity transactions; and enhanced steps to identify the beneficial owner of offshore holding companies being paid in connection with foreign private equity transactions;

ii. Institute policy forbidding use of third-party placement agents or middlemen in soliciting investors into Och-Ziff managed funds unless use of such agent is approved by the Business Risk Committee, and limited to regulated financial entities;

iii. For foreign private equity transactions, institute a policy forbidding use of third-party consultants, finders, agents, or other intermediaries unless consistent with local law and approved by the Chief Compliance Officer or the Business Risk Committee;

iv. Provide veto power over all matters coming before the company's Business Risk Committee, for General Counsel and, separately, for Chief Compliance Officer;

v. Establish investment committee to review all private equity transactions, and include participation on investment committee for General Counsel and Chief Compliance Officer or their designees; and

vi. Require all private equity transactions be approved by Och-Ziff's investment committee.

B. *Separation of Chief Compliance Officer From Other Officer Positions*: Within thirty (30) days of the entry of this Order, Och-Ziff and OZ Management agree to designate a Chief Compliance Officer who, for a period of five (5) years from the entry of this Order, shall not simultaneously hold any other officer position at Och Ziff or OZ Management while serving as Chief Compliance Officer.

Respondent Frank undertakes to:

A. In connection with this action and any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, Respondent Frank (i) agrees to appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) will accept service by mail or facsimile transmission of notices or subpoenas issued by the Commission for documents or testimony at depositions, hearings, or trials, or in connection with any related investigation by Commission staff; (iii) appoint Respondent's attorney as agent to receive service of such notices and subpoenas; (iv) with respect to such notices and subpoenas, waives the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the testimony reimburses Respondent's travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (v) consent to personal jurisdiction over Respondent in any United States District Court for purposes of enforcing any such subpoena.

Respondent Och undertakes to:

A. In connection with this action and any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, Respondent Och (i) agrees to appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) will accept service by mail or facsimile transmission of notices or subpoORDER enas issued by the Commission for documents or testimony at depositions, hearings, or trials, or in connection with any related investigation by Commission staff; (iii) appoint Respondent's attorney as agent to receive service of such notices and subpoenas; (iv) with respect to such notices and subpoenas, waives the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the testimony reimburses Respondents' travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (v) consents to personal jurisdiction over Respondent in any United States District Court for purposes of enforcing any such subpoena.

In determining whether to accept the Offers, the Commission has considered these Undertakings.

V.

Pursuant to this Order, without admitting or denying the allegations contained herein, Respondent Frank agrees to additional proceedings in this proceeding to determine what, if any, civil penalties pursuant to Section 21(B)(a) of the Exchange Act against Respondent Frank are in the public interest. In connection with such additional proceedings: (a) Respondent Frank agrees that he will be precluded from arguing that he did not violate the federal securities laws as described in this Order; (b) Respondent Frank agrees that he may not challenge the validity of this Order; (c) solely for the purposes of such additional proceedings, the findings of this Order shall be accepted as and deemed true by the hearing officer; and (d) the hearing officer may determine the issues raised in the additional proceedings on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence.

VI.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 21C of the Exchange Act and Sections 203(e), 203(f) and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. Respondent Och-Ziff shall cease and desist from committing or causing any violations and any future violations of Sections 30A, 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

B. Respondent OZ Management shall cease and desist from committing or causing any violations and any future violations of Sections 206(1), 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 promulgated thereunder.

C. Respondent Frank shall cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

D. Respondent Och shall cease and desist from committing or causing any violations and any future violations of Section 13(b)(2)(A) of the Exchange Act

E. Respondents Och-Ziff and OZ Management are censured.

F. Respondents Och-Ziff and OZ Management, shall, within 14 days of the entry of this Order, pay, jointly and severally, disgorgement of $173,186,178, and prejudgment interest of $25,858,989, for a total payment of $199,045,167 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

G. Respondent Och shall, within 14 days of the entry of this Order, pay disgorgement of $1,900,000, reflecting his estimated share of gain to Och-Ziff resulting from the transactions with DRC Partner, and prejudgment interest of $273,718, for a total payment of $2,173,718 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

H. Respondents Och-Ziff, OZ Management, and Och must make payments in one of the following ways:

(1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondents may make direct payment from a bank account via Pay.gov through the Commission Web site at: http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying the party paying as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Paul G. Block, Assistant Director, Division of Enforcement, Securities and Exchange Commission, Boston Regional Office, 33 Arch Street, Boston, MA 02110.

Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, each Respondent agrees that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of each Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, each Respondent agrees that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against any of the Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

I. Retention of Monitor: Respondent Och-Ziff shall comply with the following undertakings:

Term of Engagement

1. To engage an independent monitor ("Monitor") not unacceptable to the Commission staff within sixty (60) days of the entry of this Order. Upon entry of the Order, the Company will propose to the staff a pool of three (3) qualified candidates to serve as the Monitor. If the staff determines, in their sole discretion, that any of the candidates are not, in fact, qualified to serve as the Monitor, or if the staff, in their sole discretion, are not satisfied with the candidates proposed, the staff reserve the right to seek additional nominations from the Company. The Monitor shall have, at a minimum, the following qualifications: (1) demonstrated expertise with respect to the FCPA and other applicable anti-corruption laws, including experience counseling on FCPA issues; (ii) demonstrated experience with respect to the Advisers Act and other applicable laws, including experience counseling on Advisers Act disclosure and compliance issues; (iii) experience designing and/or reviewing corporate compliance policies, procedures, and internal accounting controls, including FCPA and anti-corruption policies, procedures, and internal accounting controls, and Advisers Act disclosure policies, procedures, and controls; (iv) the ability to access and deploy resources as necessary to discharge the Monitor's duties as described in the Order; and (v) sufficient independence from Och-Ziff to ensure effective and impartial performance of the Monitor's duties as described in the Order.

2. The staff retain the right, in their sole discretion, to choose the Monitor from among the candidates proposed by the Company, though the Company may express its preference(s) among the candidates. In the event the staff reject all proposed Monitors, the Company shall propose an additional three candidates within thirty (30) calendar days after receiving notice of the rejection. This process shall continue until a Monitor acceptable to both parties is chosen. The staff and the Company will use their best efforts to complete the selection process within sixty (60) calendar days of the filing of the Agreement and the accompanying Information. If the Monitor resigns or is otherwise unable to fulfill his or her obligations as set out herein and in Attachment D, the Company shall within thirty (30) calendar days recommend a pool of three qualified Monitor candidates from which the Offices will choose a replacement.

3. Och-Ziff shall retain the Monitor for a period of not less than thirty-six (36) months, unless the Commission staff finds, in its sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the Monitor, in which case the monitorship may be terminated early (the "Monitorship"). The term of the Monitorship can be extended for an additional twenty-four (24) months, to a total of sixty (60) months from the date the Monitor is retained. The term of the Monitorship can be extended at the discretion of the staff and as set forth below.

4. During the Monitorship and for a period of two years from conclusion of the Monitorship, neither Och-Ziff nor any of its then-current or former affiliates, subsidiaries, directors, officers, employees, or agents acting in their capacity as such shall enter into, or discuss the possibility of, any employment, consultant, attorney-client, auditing, or other professional relationship with the Monitor.

Och-Ziff's Obligations

5. Och-Ziff shall cooperate fully with the Monitor, and provide the Monitor with access to all non-privileged information, documents, records, facilities, and employees as reasonably requested by the Monitor; such access shall be provided consistent with Och-Ziff's and the Monitor's obligations under applicable laws and regulations, including, but not limited to, applicable data privacy and national security laws and regulations. Och-Ziff shall use its best efforts, to the extent reasonably requested, to provide the Monitor with access to Och-Ziff's former employees, third-party vendors, agents, and consultants.

6. Och-Ziff agrees that no attorney-client, auditor-client, or similar relationship shall be formed between Och-Ziff and the Monitor. In the event that Och-Ziff seeks to withhold from the Monitor access to information, documents, records, facilities, and/or employees of Och-Ziff, its third-party vendors, agents, or consultants that may be subject to a claim of attorney-client privilege, the attorney work-product doctrine, or similar legal relationships, or where Och-Ziff reasonably believes production would otherwise be inconsistent with applicable law, Och-Ziff shall work cooperatively with the Monitor to resolve the matter to the satisfaction of the Monitor. If during the Monitorship, the Monitor believes that Och-Ziff is unreasonably withholding access on the basis of a claim of attorney-client privilege, attorney work-product doctrine, or other asserted applicable law, the Monitor shall promptly notify the Commission staff. If the matter cannot be resolved, at the request of the Monitor, the Company shall promptly provide written notice to the Monitor and the staff. Such notice shall include a general description of the nature of the information, documents, records, facilities or current or former employees that are being withheld, as well as the legal basis for withholding access. The staff may then consider whether to make a further request for access to such information, documents, records, facilities, or employees

7. Any disclosure by Och-Ziff concerning potential corrupt payments, false books and records, and/or internal accounting control issues shall not relieve Och-Ziff of any otherwise applicable obligation to truthfully disclose such matters to the Commission staff.

Monitor's Mandate

8. The Monitor shall evaluate the effectiveness of the internal accounting controls, recordkeeping, and financial reporting policies and procedures of Och-Ziff as they relate to Och-Ziff's current and ongoing compliance with the anti-bribery, books and records, and internal accounting controls provisions of the FCPA, other applicable anti-corruption laws (the "anti-corruption laws"), and OZ Management's related disclosure and compliance issues under the Advisers Act ("disclosure laws"), and make recommendations reasonably designed to improve the effectiveness of these policies and procedures (the "Mandate"). This Mandate shall include an assessment of the Board of Directors; and senior managements' commitment to, and effective implementation of, the corporate compliance program. In carrying out the Mandate, to the extent appropriate under the circumstances, the Monitor may coordinate with Och-Ziff personnel, including in-house counsel, compliance personnel, and internal auditors. The Monitor may rely on the product of Och-Ziff's processes, such as the results of studies, reviews, sampling and testing methodologies, audits, and analyses conducted by or on behalf of Och-Ziff, as well as Och-Ziff's internal resources (e.g., legal, compliance, and internal audit), which can assist the Monitor in carrying out the Mandate.

9. During the Monitorship, the Monitor shall conduct an initial review and at least two (2) follow-up reviews and prepare an initial report and at least two (2) follow-up reports, and issue a Certification Report if appropriate, as described below.

Initial Review and Report

10. To carry out the Mandate, during the Term of the Monitorship, the Monitor shall conduct an initial review and prepare an initial report, followed by at least two follow-up reviews and reports as described below. With respect to the initial report, after consultation with the Company and the Commission staff, the Monitor shall prepare the first written work plan within thirty (30) calendar days of being retained, and the Company and the staff shall provide comments within thirty (30) calendar days after receipt of the written work plan. With respect to each follow-up report, after consultation with the Company and the Commission staff, the Monitor shall prepare a written work plan at least thirty (30) calendar days prior to commencing a review, and the Company and the Offices shall provide comments within twenty (20) calendar days after receipt of the written work plan. Any disputes between the Company and the Monitor with respect to any written work plan shall be decided by the Commission staff in their sole discretion.

11. In order to conduct an effective initial review and to understand fully any existing deficiencies in Och-Ziff's internal accounting controls and corporate compliance program, or deficiencies in OZ Management's Advisers Act compliance, the Monitor's work plan shall include such steps as are reasonably necessary to understand Och-Ziff's business and its global anti-corruption risks. The steps shall include:

a. Inspection of relevant documents, including the internal accounting controls, recordkeeping, and financial reporting policies and procedures as they relate to the Mandate;

b. Inspection of relevant documents and policies and procedures as they relate to the Mandate;

c. Onsite observation of selected systems and procedures comprising Och-Ziff's corporate compliance program, including anti-corruption compliance procedures, internal accounting controls, recordkeeping, due diligence, and internal audit procedures, including at sample sites;

d. Meetings with, and interviews of, as relevant, Och-Ziff employees, officers, directors, and, where appropriate and feasible, its third-party vendors, agents, or consultants and other persons at mutually convenient times and places; and

e. Risk-based analyses, studies, and testing of Och-Ziff's and OZ Management's corporate compliance program.

12. The Monitor may take steps as reasonably necessary to develop an understanding of the facts and circumstances surrounding prior violations of law that gave rise to this action, but shall not conduct his or her own inquiry into those historical events.

13. After receiving the initial work plan, Och-Ziff shall provide any comments concerning the initial work plan within thirty (30) days to the Monitor and Commission staff. Any disputes between Och-Ziff and the Monitor with respect to the initial work plan shall be decided by the Commission staff in its sole discretion. Following comments by Och-Ziff and Commission staff, the Monitor will have fifteen (15) days to make revisions to the initial work plan.

14. The initial review shall commence no later than one-hundred twenty (120) days from the date of the engagement of the Monitor (unless otherwise agreed by Och-Ziff, the Monitor, and the Commission staff). The Monitor shall issue a written report within one hundred twenty (120) days of commencing the initial review, setting forth the Monitor's assessment and, if necessary, making recommendations reasonably designed to improve the effectiveness of Och-Ziff's internal accounting controls and corporate compliance program as they relate to Och-Ziff's compliance with the anti-corruption laws. The Monitor should consult with Och-Ziff concerning his or her findings and recommendations on an ongoing basis and should consider Och-Ziff's comments and input to the extent the Monitor deems appropriate. The Monitor should share a draft of his or her report with Och-Ziff and Commission staff prior to finalizing them. The Monitor shall provide the report to the Board of Directors of Och-Ziff and contemporaneously transmit a copy to Commission staff.

15. Within one-hundred twenty (120) days after receiving the Monitor's initial report, Och-Ziff shall adopt and implement all recommendations in the report, provided, however, that as to any recommendation that Och-Ziff considers unduly burdensome, impractical, or costly, or inconsistent with applicable law or regulation or otherwise inadvisable, Och-Ziff need not adopt that recommendation at that time, but may submit in writing to the Monitor and the Commission staff within sixty (60) days of receiving the report, an alternative policy, procedure, or system designed to achieve the same objective or purpose.

16. As to any recommendation on which the Company and the Monitor do not agree, such parties shall attempt in good faith to reach an agreement within forty-five (45) calendar days after the Company serves the written notice. In the event Och-Ziff and the Monitor are unable to agree on an acceptable alternative proposal, Och-Ziff shall promptly consult with the Commission staff. Any disputes between Och-Ziff and the Monitor with respect to the recommendations shall be decided by the Commission staff in its sole discretion. The Commission staff will consider the Monitor's recommendation and Och-Ziff's reasons for not adopting the recommendation in determining whether Och-Ziff has fully complied with its obligations. Pending such determination, Och-Ziff shall not be required to implement any contested recommendation(s).

17. With respect to any recommendation that the Monitor determines cannot reasonably be implemented within one-hundred twenty (120) days after receiving the report, the Monitor may extend the time period for implementation with prior written approval of the Commission staff.

First Follow-Up Review

18. Within one hundred-twenty (120) days after the issuance of the initial report, the Monitor shall submit a written work plan for the follow-up review to Och-Ziff and Commission staff. Och-Ziff and Commission staff shall provide any comments concerning the work plan within twenty (20) days in writing to the Monitor. Any disputes between Och-Ziff and the Monitor with respect to the written work plan shall be decided by the Commission staff in its sole discretion. Following comments by Och-Ziff and Commission staff, the Monitor will have ninety (90) days to make revisions to the follow-up work plan.

19. The follow-up review shall commence no later than one hundred-twenty (120) days after the issuance of the initial report (unless otherwise agreed by Och-Ziff, the Monitor, and the Commission staff). The Monitor shall issue a written follow-up report within ninety (90) days of commencing the follow-up review. The follow-up report shall set forth the Monitor's assessment of, and any additional recommendations regarding, the Mandate; the Monitor's assessment of the implementation by Och-Ziff of any recommendations made in the initial report; and the Monitor's assessment of the commitment of Och-Ziff's Board of Directors and senior management to compliance with anti-corruption laws

20. Within one hundred and twenty (120) calendar days after receiving the Monitor's initial report, the Company shall adopt and implement all recommendations in the report, unless, within sixty (60) calendar days of receiving the report, the Company notifies in writing the Monitor and the Commission staff of any recommendations that the Company considers unduly burdensome, inconsistent with applicable law or regulation, impractical, excessively expensive, or otherwise inadvisable. With respect to any such recommendation, the Company need not adopt that recommendation within the one hundred and twenty (120) days of receiving the report but shall propose in writing to the Monitor and the Commission staff an alternative policy, procedure or system designed to achieve the same objective or purpose. As to any recommendation on which the Company and the Monitor do not agree, such parties shall attempt in good faith to reach an agreement within forty-five (45) calendar days after the Company serves the written notice.

21. In the event Och-Ziff and the Monitor are unable to agree on an acceptable alternative proposal within thirty (30) days, Och-Ziff shall promptly consult with the Commission staff. Any disputes between Och-Ziff and the Monitor with respect to the recommendations shall be decided by the Commission staff in its sole discretion. The Commission staff shall consider the Monitor's recommendation and Och-Ziff's reasons for not adopting the recommendation in determining whether Defendant has fully complied with its obligations. Pending such determination, Defendant shall not be required to implement any contested recommendation(s).

22. With respect to any recommendation that the Monitor determines cannot reasonably be implemented within one hundred and twenty (120) calendar days after receiving the report, the Monitor may extend the time period for implementation with prior written approval of the Commission staff.

Second Follow-Up Review

23. A follow-up review shall commence no later than one hundred-twenty (120) calendar days after the issuance of the initial report (unless otherwise agreed by the Company, the Monitor and the Commission staff). The Monitor shall issue a written follow-up report within ninety (90) calendar days of commencing the follow-up review, setting forth the Monitor's assessment and, if necessary, making recommendations in the same fashion as set forth in Paragraph 14 with respect to the initial review. After consultation with the Company, the Monitor may extend the time period for issuance of the follow-up report for a brief period of time with prior written approval of the Commission staff.

24. The second follow-up review shall commence no later than one hundred eighty (180) days after the issuance of the follow-up report (unless otherwise agreed by Och-Ziff, the Monitor, and the Commission staff). The Monitor shall issue a written follow-up report within ninety (90) days of commencing the second follow-up review. The follow-up report shall set forth the Monitor's assessment of, and any additional recommendations regarding, the Mandate; the Monitor's assessment of the implementation by Och-Ziff of any recommendations made in the initial report; and the Monitor's assessment of the commitment of Och-Ziff's Board of Directors and senior management to compliance with anti-corruption laws.

25. Within ninety (90) calendar days after receiving the Monitor's follow-up report, the Company shall adopt and implement all recommendations in the report, unless, within thirty (30) calendar days after receiving the report, the Company notifies in writing the Monitor and the Commission staff concerning any recommendations that the Company considers unduly burdensome, inconsistent with applicable law or regulation, impractical, excessively expensive, or otherwise inadvisable. With respect to any such recommendation, the Company need not adopt that recommendation within the ninety (90) calendar days of receiving the report but shall propose in writing to the Monitor and the Commission staff an alternative policy, procedure, or system designed to achieve the same objective or purpose. As to any recommendation on which the Company and the Monitor do not agree, such parties shall attempt in good faith to reach an agreement within thirty (30) calendar days after the Company serves the written notice.

26. In the event Och-Ziff and the Monitor are unable to agree on an acceptable alternative proposal within fifteen (15) days, Och-Ziff shall promptly consult with the Commission staff. Any disputes between Och-Ziff and the Monitor with respect to the recommendations shall be decided by the Commission staff in its sole discretion. The Commission staff shall consider the Monitor's recommendation and Och-Ziff's reasons for not adopting the recommendation in determining whether Och-Ziff has fully complied with its obligations. Pending such determination, Och-Ziff shall not be required to implement any contestedrecommendation(s). With respect to any recommendation that the Monitor determines cannot reasonably be implemented within ninety (90) calendar days after receiving the report, the Monitor may extend the time period for implementation with prior written approval of the Offices.

27. Throughout the Monitorship, the Monitor shall disclose to the Commission staff any credible evidence that corrupt or otherwise suspicious transactions occurred, or payments or things of value were offered, promised, made, or authorized by any entity or person within Och-Ziff, or any entity or person working directly or indirectly for or on behalf of Och-Ziff, or that related false books and records may have been maintained by or on behalf of Och-Ziff or that relevant internal controls were circumvented or were not reasonably designed or implemented. The Monitor shall contemporaneously notify Och-Ziff's General Counsel, Chief Compliance Officer, and Audit Committee for further action unless at the Monitor's discretion he or she believes disclosure to Och-Ziff would be inappropriate under the circumstances. The Monitor shall address in his or her reports the appropriateness of Och-Ziff's response to all improper activities, whether previously disclosed to the Commission staff or not.

Certification of Compliance

28. Within ninety (90) days of the issuance of the second follow-up report, Och-Ziff shall certify in writing to the Commission staff with copy to the Monitor that Och-Ziff has adopted and has implemented, or is implementing on an agreed-to schedule, all of the Monitor's recommendations in the initial and follow-up report(s), or the agreed-upon alternatives.

29. Within ninety (90) days of the issuance of the second follow-up report, if the Monitor believes that Och-Ziff's corporate compliance program is reasonably designed and implemented to detect and prevent violations of the anti-corruption laws and disclosure laws and is functioning effectively, the Monitor shall submit to the Commission staff a written report ("Certification Report") that certifies Och-Ziff's compliance with its corporate compliance obligations under the Final Judgment. The Certification Report shall set forth an assessment of the sustainability of Och-Ziff's remediation efforts and may also recommend areas for further follow-up in Och-Ziff's future self-reporting. The Monitor may extend the time period for issuance of the Certification Report by fifteen (15) days with prior written approval of the Commission staff. Fourteen (14) days prior to issuing the Certification report, the Monitor shall orally notify the Commission staff whether he or she expects to be able to certify as provided herein.

Extension of Monitorship

30. If, after completing the second follow-up review, the Commission staff concludes that Och-Ziff has not successfully satisfied its obligations under the Monitorship with respect to the Monitor's Mandate, the Monitorship shall be extended, and the Monitor shall commence a third follow-up review within sixty (60) days after the Commission staff concludes that Och-Ziff has not successfully satisfied its compliance obligations under the Monitorship (unless otherwise agreed by Och-Ziff, the Monitor, and the Commission staff). The Monitor shall issue a written follow-up report within one hundred twenty (120) days of commencing the third follow-up review in the same fashion as set forth in Paragraphs 19 through 22 with respect to the follow-up reviews and in accordance with the procedures for follow-up reports set forth in Paragraphs 19 through 22.

Extensions of Time

31. Upon request by the Monitor or Och-Ziff, the Commission staff may extend any procedural time period set forth above for good cause shown.

Certification of Completion

32. No later than sixty (60) days from date of the completion of the undertakings with respect to the Monitorship, Och-Ziff shall certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Och-Ziff agrees to provide such evidence.

Confidentiality of Reports

33. The reports submitted by the Monitor and the periodic reviews and reports submitted by Och-Ziff will likely include confidential financial, proprietary, competitive business or commercial information. Public disclosure of the reports could discourage cooperation, impede pending or potential government investigations or undermine the objective of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except (i) pursuant to court order, (ii) as agreed to by the parties in writing, (iii) to the extent the Commission determines in its sole discretion that disclosure would be in furtherance of the Commission's discharge of its duties and responsibilities, or (iv) as is otherwise required by law.

Address for All Written Communications and Reports

34. All reports or other written communications by the Monitor or Och-Ziff directed to the Commission staff shall be transmitted to Paul G. Block, Assistant Director, FCPA Unit, Division of Enforcement, Boston Regional Office, U.S. Securities and Exchange Commission, 33 Arch Street, Boston, MA 02110. A copy of the Certification of Completion and supporting materials shall also be transmitted to the Office of Chief Counsel of the Enforcement Division at Division of Enforcement, U.S. Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549.

J. Notice to Advisory Clients

35. Within thirty (30) days of the entry of this Order, Och-Ziff and OZ Management shall provide a copy of the Order to each of OZ Management's existing advisory clients as of the entry of this Order via mail, e-mail, or such other method as may be acceptable to the Commission staff. For a period of one (1) year from the entry of this Order, Och-Ziff and OZ Management shall provide a copy of the Order to all of its prospective clients.

IT IS FURTHER ORDERED pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), in the interest of justice and without prejudice to any party to the proceeding, that a public hearing for the purpose of taking evidence on the questions set forth in Section V hereof shall be convened at a time and place to be fixed by, and before, an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110, following the entry of a final judgment against the last remaining defendant(s) in in all actions related to the conduct described herein (the "Related Actions").

If Frank fails to appear at that hearing after being duly notified, Frank may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 221(f), and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.221(f), and 201.310.

IT IS FURTHER ORDERED pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), in the interest of justice and without prejudice to any party to the proceeding, that the Administrative Law Judge shall issue an initial decision no later than 120 days from the date of the entry of a final judgment in the Related Actions.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

36. Respondents Och-Ziff, OZ Management, Och and Frank shall comply with the undertakings enumerated in Section IV above.

37. This Order shall be served forthwith upon Respondents personally or by certified mail.

VII.

It is further Ordered that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents Och and Frank under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents Och and Frank of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19), and, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, Respondents Och and Frank stipulate that the findings in the Order are true, and that such findings shall be accepted and deemed true, without further proof by any party, in any nondischargeability proceeding involving the Commission.

By the Commission.

Brent J. Fields
Secretary

Exhibit 31.1

Certificate of Chief Executive Officer pursuant to
Rule 13a-14(a)/Rule 15d-14(a) under the
Securities Exchange Act of 1934.

I, Daniel S. Och, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Och-Ziff Capital Management Group LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2016

/s/ Daniel S. Och

Name: Daniel S. Och
Title: Chief Executive Officer and Executive Managing Director

Exhibit 31.2

Certificate of Chief Financial Officer pursuant to
Rule 13a-14(a)/Rule 15d-14(a) under the
Securities Exchange Act of 1934.

I, Joel M. Frank, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Och-Ziff Capital Management Group LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2016

/s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer and Executive Managing Director

Exhibit 32.1

Certification pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

This certification is provided pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and accompanies the Quarterly Report on Form 10-Q (the "Form 10-Q") for the quarter ended September 30, 2016, of Och-Ziff Capital Management Group LLC (the "Company").

We, Daniel S. Och and Joel M. Frank, the Chief Executive Officer and Chief Financial Officer, respectively, of the Company certify that, to the best of our knowledge:

i. The Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

ii. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2016

/s/ Daniel S. Och
Name: Daniel S. Och
Title: Chief Executive Officer and Executive Managing Director

Date: November 2, 2016

/s/ Joel M. Frank
Name: Joel M. Frank
Title: Chief Financial Officer and Executive Managing Director